Daily Report

Latin America

FBIS-LAT-92-139
Monday
20 July 1992

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FBIS-LAT-92-139 *20 July 1992*

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Peru

NOTIMEX reports a "majority of the political parties which had representation prior to the dissolution of Congress today (18 July) decided to call off the dialogue with the government, after pointing out that President Alberto Fujimori has lost credibility and worsened the country's social economic problems." The Popular Christian Party, the Liberty Movement, the Unity of the Left coalition, and "another six political organizations" have joined the Popular Action Party and the American Popular Revolutionary Alliance in issuing a statement which says the organizations "will report to the OAS 'the regime's obstructions, side-stepping, and complications, which do not allow the finding of a solution to the country's political and economic problems.'" Peru, the statement says, "lives in an atmosphere of great instability, absolute juridical uncertainty, and a lack of confidence" and Fujimori "continues to create discontent and division among the Peruvians."

Brazil

O GLOBO reports that President Collor has issued a 12th note to spokesman Pedro Luis Rodrigues. Collor charged that there is a "covenant of hatred" which is reportedly the offspring of the "coupist syndicate." The president stated "when I expressed my disagreement with the unacceptable treatment that...some of the members of the CPI [Congressional Invistigating Committee] gave...I was only pinpointing the cruelty of the process." In a separate O GLOBO report, the CPI rejected the criticism received from the president. CPI Chairman Benito Gama stated that the CPI "acted in a very balanced manner, with seriousness and responsibility." Also according to O GLOBO, political advisors are urging the president to be "less offensive" and to "reduce the frequency of his notes."

FOLHA DE SAO PAULO reports on a parallel group to the CPI that is "acting to prevent the investigations from coming close to President Collor." The CPI "suspects that the services (of the parallel group) were paid for by PC [Paulo Cesar] Farias." According to O GLOBO, PC "is expected to be accused of swindling and sentenced to five to 60 years in prison."

Venezuela

Caracas TV carries live the speech by President Perez given at the 48th Assembly of the Venezuelan Federation of Associations and Chambers of Commerce and Industry (Fedecamaras). Perez said, "One thing... has to be absolutely and radically clear and that is why I repeat it insistently: The difficulties we are confronting now did not start with my government." Perez said, "My government kept the promise made to you during the electoral campaign" and "my government has taken the risk and accepted the consequences and I, personally, as the people's leader, have had to pay the cost of our actions." Concerning constitutional reforms, he said, they "are an extraordinary opportunity to update the essential elements of our institutional architecture and the physiology of public power, above all in conditions that require, as I already said, an aggressive strengthening of the judicial branch, a modernizing action of the executive branch, and a vigorous development of the decentralization we have initiated."

Panama

Honduran President Rafael Callejas met President Guillermo Endara in Chiriqui Province, signed a joint cooperation communique, and "reaffirmed the spirit of Central American integration," Panama City TV reports. Callejas stated that "trade does not necessarily have to be balanced...it can be asymmetrical as long as it grows," Panama City Radio adds. There was "nothing romantic about integration," Endara said, "it makes a lot of economic sense." On the subject of a common currency among Central American countries Callejas stated the "monetary issue is not a limitation for integration" and "integration does not mean loss of sovereignty, nor does it mean the end of nationalism."

Rio Group Stance on U.S. Ruling Reported

PA1707042692 Mexico City NOTIMEX in Spanish 0320 GMT 17 Jul 92

[Text] Mexico City, 16 Jul (NOTIMEX)--The Rio Group rejects any interpretation that seeks to recognize the possibility of applying the laws of one country in another, the Mexican Foreign Secretariat reported on 16 July.

In a communique the Secretariat said that the Rio Group's position was announced by the Argentine Foreign Ministry, which is currently serving as secretary pro tempore of the organization.

The Rio Group voiced concern over a recent U.S. Supreme Court ruling and underscored the importance of the full prevalence of the principles of international law and respect for extradition treaties currently in force.

On 15 June the U.S. Supreme Court approved the kidnapping of presumed criminals abroad for trial in its territory in response to a Mexican request to extradite Mexican Dr. Humberto Alvarez Machain, who was taken to the United States illegally.

The Rio Group is made up of Argentina, Bolivia, Brazil, Colombia, Chile, Ecuador, Honduras, Jamaica, Mexico, Paraguay, Uruguay, and Venezuela.

Third Sao Paulo Forum Opens 16 Jul in Managua

PA1707220492 Managua Sistema Nacional de Television Network in Spanish 0100 GMT 17 Jul 92

[From the nonofficial "Extravision" newscast, directed by Manuel Espinoza, former information minister under the Ortega administration; passages within quotation marks are recorded]

[Text] The Third Sao Paulo Forum was inaugurated on 16 July in Managua with a solemn session. The objective of the forum is to reach a new level of consensus on the theories and position of the left in Latin America and the Caribbean. Participating in the Forum are 200 delegates, including members and observers from 42 countries of Latin America, Europe, Asia, Africa, the Middle East, and North America.

[Abel Prieto, member of the Communist Party of Cuba] "No serious observer of the existing situation could deny the moral and cultural decadence of capitalism, as it now exists, the ecological catastrophe entailed by the irrational model of a consumption society, and the inability of that system to resolve the ills of the planet."

[Announcer] The central topic of the meeting is the discussion on alternatives for development and integration in Latin America and the Caribbean in face of the neo-liberal escalation.

[Roberto Roca, member of the Farabundo Marti National Liberation Front] "We are convinced we must put this matter for critical consideration by all the theoreticians and actors in the revolutionary struggle."

[Jose Ballardi, member of the Uruguayan Broad Front Coalition; in progress] "...without dogmas, without inflexibility, and without set patterns, a place for reflection. It should be a place for broad reflection."

[Javier Diez-Canseco, member of the Peruvian United Left] "Alberto Fujimori represents the answer that the interests of big capital and militiarism have come up with to implement in a subservient and savage manner the most brutal neo-liberal ever in Latin America."

[Announcer] The Workers Party of Brazil introduced the idea of bringing together left-wing parties and movements in 1990. The second forum was held in Mexico the following year.

[Marco Aurelio Garcia, member of the Brazilian Workers Party; in progress] "...the arrogance of the ruling classes and the way in which they privatized the state and turned it into not just a classic instrument of domination [words indistinct] but also into an instrument for the personal enrichment of their groups and cliques."

[Announcer] Since the Sandinist National Liberation Front [FSLN] is hosting the forum, FSLN Secretary General Daniel Ortega closed the inaugural session.

[Ortega; in progress] "...to strengthen the Latin American dialogue, to strengthen exchange, and to work seeking new instruments of struggle that will enable us to take initiatives of projects of major importance for brother peoples who are struggling in other areas of the world. In inaugurating the Third Sao Paulo Forum, [words indistinct] we feel that there is one thing that should prevail in this meeting, and it is that spirit of unity, and we know how hard it is to achieve it. We are, however, duty bound to achieve that unity."

[Announcer] This forum will meet until 19 July when the over 200 delegates attend the ceremony marking the people's Sandinist revolution.

Cuba

UN Delegate Highlights U.S. Discrimination

PA1807041692 Havana Radio Havana Cuba in Spanish 0000 GMT 18 Jul 92

[Text] On 17 July, Cuba declared at the United Nations that there is a significant increase of racist, xenophobic, and other discriminatory practices in the United States and other industrialized European countries and called for concrete measures to end this situation.

Speaking before the UN Social and Economic Council, Cuban delegate Juana Silveira noted that the rights of minorities in the United States are limited and based on their race or nationality. She added that minorities do not have free access to medical or educational assistance and do not have equal opportunity in the attainment of jobs.

Silveira charged that in a country that attempts to set itself up as the world's human rights champion, police brutality against black, Hispanic, or other foreign-born citizens is more accentuated and that the severity with which criminal laws are implemented depend on the race, origin, and economic status of these minorities.

Resolution Seen as U.S. 'Political Maneuver'

PA1807161892 Havana Radio Havana Cuba in Spanish 0000 GMT 18 Jul 92

[Station commentary, read by Roberto Morejon]

[Text] Jorge Montano, Mexican ambassador to the United Nations, has charged that there is an inclination at this world organization to use the human rights issue in a discriminatory and political manner. Montano noted that the United Nations has adopted a course geared to judge only Third World countries for alleged human rights violations.

This inclination is evident, especially with the preponderance attained by the United States in the Security Council after its adventure in the Persian Gulf. Southern countries, such as Libya and Cuba, have been subjected to repeated attacks on the issue of citizen rights in an attempt to erode their positions in the international sphere.

The recent UN Economic and Social Council [ECOSOC] decision to appoint a special rapporteur for Cuba, based on recommendations made by the UN Human Rights Commission, follows this line of action. The Cuban representative charged that this act is a political farce that is unfair and totally violates UN procedures.

A rapporteur can only be appointed in cases where countries are shown to perpetrate persistent, flagrant, and massive human rights violations. This, of course, is not the case on the Antillean island, which strictly adheres to these prerogatives in the economic, political, and social spheres.

The truth is that the appointment is not the result of concern over the human rights situation in Cuba but of a political maneuver that has the U.S. trademark and that is aimed at destroying the Cuban Revolution.

Because of U.S. might in this unipolar world, several international forums, such as the UN Human Rights Commission, have been transformed into centers of propaganda and irrational attacks against the Caribbean country.

As Cuba sees it, this transformation is obvious. Therefore, Cuba has maintained its refusal to accept discriminatory treatment.

Ivan Mora, the Cuban delegate to ECOSOC, has reiterated that Cuba will not conform to this UN council's illegitimate decision to appoint a special rapporteur on Cuba.

Cuba refuses to sit on the defendant's bench because of the impunity with which the United States operates in the international arena.

Commentary on Alleged Remarks by FBI Spokesman

PA1707122792 Havana Radio Havana Cuba in Spanish 0000 GMT 17 Jul 92

["Our America" commentary by Roberto Morejon]

[Text] The United States would have taken a realistic step if a statement attributed by NOTIMEX to an FBI spokesman were true in the sense that the U.S. will not tolerate more military incursions against Cuba by counterrevolutionaries. According to NOTIMEX, FBI Spokesman Paul Miller said that this U.S. organization is evaluating activities carried out by terrorists of Cuban origin against this Caribbean island.

So far U.S. administrations have remained indifferent to frequent protests from Cuban authorities over the auspices, direct support, or indulgence of terrorist activities planned in Florida. Each week, hundreds of individuals mobilized by the Alpha 66, L Commandos, and other fascist groups are trained in the Everglades swamps. Last December, Cuban border guards supported by residents of the northern coast in the western province of Matanzas captured members of a commando group whose mission was to sabotage public places which would have caused many deaths and much property damage.

During the past 33 years of revolution there have been several terrorist attacks from speed boats arriving from Florida and attempts to infiltrate the country to create chaos. The effective work of state security organizations frustrated those aggressive plans, which in most cases had CIA approval or material support.

At this stage, Cubans have enough reason to receive with skepticism the FBI spokesman's statement that the United States will not permit terrorist attacks on Cuba. Paul Miller's statement should at least be received with a

grain of salt. Words that are gone with the wind are not exactly what is required in these cases. Cuba expects conclusive actions.

Lessons of 'Special Period' 'School' Viewed

FL1707154392 Havana Radio Progreso Network in Spanish 1100 GMT 17 Jul 92

[Commentary by Nestor Nunez]

[Text] Greetings, friends. Months have passed yet Cuba's situation has not changed substantially from when it was proclaimed that Cuba was going to succumb to the so-called domino effect following what occurred in Eastern Europe. Objectively, although Cuba does have problems, including some serious ones, we are getting through this difficult phase which has placed us in the forefront of history without seeing—to the disappointment of certain people—the symptoms of defeat, discord, and exhaustion that they predicted would put an end to a process of change that has lasted more than three decades.

If other, craftier ones [mas vivos], have fallen—they used to say—then Cuba will not resist (?for long). Yet here we are—true, in the midst of difficulties, hardships, shortages of certain things—but here nevertheless, and determined to come out ahead, to not falter before those who want to see us bite the (?dust).

In my opinion, if such prolonged resistance is possible; if after losing more than two-thirds of its commercial possibilities, the country is still alive; if we have not seen ourselves stripped of a single social achievement of all these past years, it is due to two transcendental factors. The first is that, in the material sphere, despite inadequecies and errors that have undeniably occurred, a whole body of work survives which is both positive and profound. Also, in the spiritual sphere too, there exists—above and beyond any passing complaint or discomfort—a great [de altos quilates] determination and a collective will.

Although the current days are tough, they may also be highly positive, if we are wise enough to learn a lesson from them; if we learn to be more effective and more creative; if at all times to do well at whatever is required at any given time becomes a permanent watchword for action. As we have said before, the special period can be a (?magnificent) school to learn how to be efficient; how to pick the right path; how to make more realistic, better-honed plans a concrete reality—plans that are ever more objective and efficient.

I am certain that time is on our side, and not on the side of those who dream of seeing us destroyed so that they can dig their claws into our territory and divvy up the spoils. Such people will simply have to live with their disappointment and their long-standing frustrations in this regard.

PRC Tourism Delegation Begins Visit

FL1807010392 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 18 Jul 92

[Text] PRC National Tourism Director Liu Yi arrived in Cuba a few hours ago as head of a delegation. He was met at Jose Marti Airport by INTUR [National Institute of Tourism] President Rafael Sed Perez and PRC Ambassador to Cuba Chen Jiuchang. Liu Yi referred to future cooperation between the two countries, as well as the exchange of experiences which will take place in the field of tourism. During their stay in Cuba, the delegation will visit places of economic and historic interest and will sign a draft protocol with the INTUR.

Canarian Delegation Arrives, Brings Donation

FL1907223992 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 19 Jul 92

[Excerpt] A delegation of 88 citizens from the town council of Arica in Tenerife, Canary Islands, arrived in Cuba with a donation and a slogan: A gram of love for Cuba and everyone against the embargo.

The donation consists of one ton of medicines, one ton of clothing, and one ton of notebooks and pencils. The mayor of Arica, Pablo Gonzalez, explained that as a tourist trip it would have been cheaper to visit another country, but their solidarity had to be expressed. He added that Cuba is another of the Caribbean islands which have much Spanish blood. Approximately nine percent of the Cuban population is of Canarian descent, for example, Leonor Perez, the mother of our Jose Marti. [passage omitted]

Inter-Caribbean Affairs

CET Adjustments To Meet International Trends

FL1707225792 Bridgetown CANA in English 2051 GMT 17 Jul 92

[Text] Georgetown, Guyana, July 17, CANA—A senior Caribbean Community (Caricom) official said Friday [17 July] that the revised Common External Tariff [CET] for the region will have to be lowered in accordance with international trends.

"There is no doubt that we have to continue adjusting our tariffs to meet the changes in the international environment," said Hayden Blades, director of trade and agriculture at the Caricom secretariat in Georgetown.

The CET, to protect regional production from imports and thereby spur Caribbean industry, had a ceiling of 45 percent duty that caused squirms among, especially, the smaller Caricom economies with litte manufacturing. Only eight of 12 common market members moved to implement the tariff and this after years of haggling on the issue.

A working group of technocrats, which met here this week, was therefore appointed by the last heads of government summit in Trinidad early this month to review the CET and aim for a new implementation date of September 1993 after ratification next January.

Blades told CANA the new tariff rates will be lower than the existing ones of zero to 45 percent, dependent on the type of product—luxury or necessity—and whether it is for consumption or manufacturing.

"I think there is a consensus among all the countries that that is what is going to take place in the new tariff," he said. "The difficulty we have is to come down to what and when," he said. Blades said the group wants to reduce the scope for conditional duty exemptions and derogations from the new tariff to facilitate its uniform application. "All producers in the common market will be on a level playing field," he said.

The working group tackled the CET revision and the establishment of proposals for the free intra-regional movement of services, among other issues pertaining to economic integration.

The next meeting of the working group in mid-September will examine the rates assigned to commodities.

Haiti

Deputies Seek Explanation for 14 Jul Violence

FL1707162392 Port-au-Prince Radio Metropole in French 1100 GMT 17 Jul 92

[Text] In a letter sent to the president of the lower chamber, five deputies have announced their intention to ask the prime minister (?for explanations) about what they call the shameful scandal at the School of Medicine and the acts of violence committed in the country. These deputies, who are also university students, have expressed their feelings of amazement at the incident which occurred at the School of Medicine on 14 July. The five [as heard] deputies including Ancelot Vernort, Jude Marie-Jacinthe Jean-Baptiste, and Samuel Madistin, have proposed Thursday, 23 July as the date for meeting in the plenary assembly with the prime minister.

Delegate Recalls Events

FL1707200192 Bridgetown CANA in English 1738 GMT 17 Jul 92

[By Peter Richards]

[Text] Castries, St. Lucia, July 17, CANA—At least seven students were hospitalised with gunshot wounds and another 50 arrested this week, as the military rulers in Haiti continued their efforts to quell support for ousted President Jean-Bertrand Aristide, a Haitian resident has said here.

"Two days ago, while we were in the plane going to the Dominican Republic ...There was a demonstration of students in the streets. They were blocked by the Army who shot at them. Seven are in hospital and 50 have been arrested," Bernard Ethart, a sociologist and a member of the development committee of Haiti, told reporters here on Friday [17 July]. Ethart is one of five Haitian delegates attending a two-day conference of non-governmental organisations discussing the current political situation in Haiti.

Ethart said that in telephone conversations with people in Haiti, since his arrival here, he has been told that "the weekend might be very hot. The rumours we could get from here on the phone is that the weekend might be hot, so let's wait and see...In Haiti, every weekend is for the next coup d'etat," he added.

Aristide, a Roman Catholic priest, who became Haiti's first ever democratically elected president, was overthrown in a military coup in September last year, and so far efforts to return him to power have failed. Caribbean Community (Caricom) leaders at their just concluded summit in Trinidad and Tobago expressed continued support for the democratic process in Haiti. Ethart said that most Haitians were still unaware of the Caribbean, and as such, "there is not a feeling of Caribbean unity." He, however, dismissed suggestions by reporters that the meeting here will concentrate more on talk than substance.

"I think we might come out of the meeting with some concrete ideas, at least I hope something will come out of those two days, because the situation (in Haiti) is serious, and everybody is aware of that," he remarked.

Health Officials Denounce Embargo's Results

FL1707174692 Port-au-Prince Radio Soleil Network in Creole 1100 GMT 17 Jul 92

[Text] In a statement to the press in Port-au-Prince on Thursday, 16 July, several health officials denounced the grave situation prevailing in Haiti in the health field (?due to) the embargo that the United Nations [as heard] and the OAS have ordered against the country. According to the medical director of the Saint-Francois de Sales Hospital in Port-au-Prince, Dr. Saint-Phard Bontemps, along with Jean Boisrond and Mireille Figaro who are respectively the medical director and anesthetist at the General Hospital [also called Haiti State University Hospital] in Port-au-Prince, medicines have begun running out and are becoming expensive as well. They must therefore use indirect ways to get those medicines which have become very expensive, according to explanations given to the press by Dr. Bontemps.

There is a medicine called nitrogen protoxide which was used a as general anesthesia. They said this medicine is no longer available and products used for local anaesthesia are almost completely gone, according to Dr. Bontemps who accuses the World Health Organization of having not done its job as it has not helped bring nitrogen protoxide into Haiti. It could be used for the preparation of anesthesia for sick people.

Plastic bags which were used as blood containers have been ordered from Japan for eight months. They have never reached the country. They are held up in Colombia. Dr. Bontemps said that they will try to have them sent to Haiti. He also said that he cannot guarantee anybody's life in Haiti in case of an emergency surgical operation. The authors of this embargo, which has caused many deaths, are criminals, said Dr. Bontemps who pointed out that he has written to the secretary general of the OAS, Mr. Joao Clemente Baena Soares last November to draw his attention to the health problems in Haiti, but that Mr. Soares has never replied to that letter. Dr. Bontemps went on to say that the Haitian people are completely scorned.

Since the beginning of the embargo against Haiti, UNICEF has sent out several SOS's and has talked a lot about its consequences for women and children. A UNICEF employee, who wants to remain anonymous, compared Haiti with a sick person on a deathbed.

The embargo has caused several thousand deaths in the country, according to an assessment by several independent monks who are living in Haiti and who prefer to remain anonymous due to the political climate which they think is full of passions at this time.

Minimum Wage Law To Be Enforced After Embargo

FL1707164592 Port-au-Prince Radio Soleil Network in Creole 1100 GMT 17 Jul 92

[Text] The minimum wage law passed by the parliament last year will be effective when the embargo is lifted. This decision is a result of the work done by the tripartite committee studying this matter. The tripartite committee for consultation and arbitration reports that it met on 10 and 14 July in order to discuss the question of minimum wages. At the conclusion of its work, the committee proposed [corrects himself] made four proposals:

1. It has decided to maintain the minimum wage of 26 gourdes [a day] for Port-au-Prince and its peripheral regions and 20 gourdes for the provinces, as provided for in the 22 August 1991 law passed by parliament;

2. It has decided to enforce this law when the embargo is lifted and when an economic upturn begins in Haiti;

3. It has decided to take steps to assist and promote the economic upturn;

4. The government must set a time limit for the enforcement of these measures.

The note issued by the tripartite committee for consultation and arbitration is signed by Mr. Antony Boucard who is the president of that committee.

Jamaica

'Violent Incidents' Mark Party Conference

FL1907203292 Bridgetown CANA in English 1810 GMT 19 Jul 92

[Text] Kingston, Jamaica, July 19, CANA—Although a bid for executive positions by prominent dissidents failed, the opposition Jamaica Labour Party (JLP) had little to celebrate after violent incidents severely tarnished its image on the opening day of its 49th annual conference on Saturday [18 July].

Three members of a television camera crew received medical treatment after being hit with missiles and television footage and newspaper pictures here showed party workers functioning as "security men" harassing delegates and members of the media.

Pearnel Charles, a member of the so-called "gang of five" which fell out of favour with the party hierarchy after publicly questioning Edward Seaga's leadership style two years ago, managed only 68 votes in his bid to become deputy leader, to Enid Bennett's 796 in a delegates' election.

The vote took place after Charles had sent most of his delegates away following alleged beatings and harassment by "security men". Charles said that in addition to physical attacks, the voting cards of his supporters were confiscated and torn up by the "security men". He described Saturday's events as "pure and simple intimidation" and "shameful and massive" fraud. "I would never want to be described as deputy leader out of yesterday's events" said Charles.

But in apologising for the violent incidents and promising an investigation, the executives of the party denied that there had been widespread fraud. Tony Johnson, elected unopposed for one of the deputy leadership positions, said the delegates' election was "carried out with an honesty and integrity rarely seen in Jamaican elections".

Two other deputy leadership positions were also settled: Mike Henry was elected unopposed and Neville Lewis beat Horace Chang by 468 votes to 228.

Another "gang of five" member Douglas Vaz, who made a late and as it turned out, vain attempt to get his name on the ballot, joined Charles in sending away his supporters after accusing party workers of intimidation. Vaz was attempting to enter the deputy leadership race against Johnson, after a third member of the "gang of five" Edmund Bartlett pulled out late Friday.

Bartlett had expressed concern that his candidacy could be seen as an attempt to destabilise the party. Charles and Bartlett came under severe pressure to withdraw from the race this week, following a dramatic announcement by General Secretary Ryan Peralto last Tuesday,

that he, other members of the party hierachy and possibly Seaga himself would step down if the two were elected.

The press came under attack Saturday, as they congregated outside the national arena, scene of the private delegates meeting. Jamaica Broadcasting Corporation (JBC) television crew members were hit by missiles allegedly thrown by the "security men". A GLEANER newspaper photographer was also reportedly hit several times by thugs as he attempted to take pictures. The Press Association of Jamaica condemned the incidents and called for an investigation and the JBC has sent a strong letter of protest to the party.

And in a press conference late Saturday, the JLP began damage control measures by aplogising to the press for the incidents and stressing that an investigation would be carried out.

General Secretary Peralto, said the "security men" were not mandated to turn away delegates, but to ensure security by carrying out searches of persons suspected of entering the conference to make trouble. He showed the press knives and ice picks, taken from a number of people at the gates.

Peralto said the proceedings inside the National Arena went smoothly and very few people inside were aware of the problems outside. He said the "security men" who wore white T-shirts with "security" written in green across the chest and back were loyal, tried and trusted party workers who had been carefully selected.

Peralto and other JLP executives at the press conference denied that there had been widespread malpractice in the delegates election.

"The elections were carried out with an integrity and honesty that I have rarely seen in Jamaican elections", said Tony Johnson.

The JLP's 49th annual conference entered its public and final session on Sunday with leader Edward Seaga slated to deliver the main address.

Commission Confirms PRI Lead in Michoacan

PA1707142792 Mexico City Canal 13 Television Network in Spanish 1300 GMT 17 Jul 92

[Report by Javier Cervantes in Michoacan]

[Text] The Michoacan State Electoral Commission announced on 16 July the tally of the last 11 district committees. The commission confirmed the PRI [Institutional Revolutionary Party] candidate leads with 418,080 votes, and the Party of the Democratic Revolution [PRD] has 287,237 votes thus far. Those are the legal results revealed by the organization created specifically to report the election results.

Commission President Alfredo Oseguera Villanueva reported the results of the last 11 district committees' tally during a permanent session. Regarding the gubernatorial elections, the figures favor PRI candidate Eduardo Villasenor Pena by a wide margin. Pena received 418,080 votes.

The reports from 18 district committees indicate that PRD candidate Cristobal Arias Solis received 287,237 votes; National Action Party [PAN] candidate Fernando Estrada Samano, 63,738; Cardenist Front for National Reconstruction Party [PCFRN] candidate Octaviano Alaniz Alaniz, 14,878; and Luis Coca Alvarez, candidate of the Authentic Party of the Mexican Revolution [PARM], 10,173.

The State Electoral Commission also revealed the official results for deputies who achieved a relative majority. PRI candidates received 413,273 votes; PRD candidates, 287,237; PAN candidates, 63,738; PARM candidates, 10,934; and the Popular Socialist Party [PPS], 4,429.

According to the official results revealed by the State Electoral Commission on the gubernatorial elections, it is surmised that the PR. obtained an absolute majority in 17 of the 18 district committees, because the PRD candidate won the 12th district, the capital of which is Puroandiro, where he was also favored by local results in the elections for deputies.

The district committees' and the State Electoral Commission's permanent sessions have concluded, and party commissioners have 72 hours to challenge the results.

Chihuahua Tallies Reported

PA1707144892 Mexico City Canal 13 Television Network in Spanish 1300 GMT 17 Jul 92

[Report by Rocio Ivonne Sanchez in Chihuahua]

[Text] The Chihuaha State Electoral Commission revealed on 16 July the official results of the 12 July elections in 57 of the state's 67 municipalities. The Institutional Revolutionary Party [PRI] won 44 municipalities, and the National Action Party [PAN] won 13 municipalities.

The PRI victories include Chihuahua municipality, with 84,596 votes—the highest tally. The lowest tally was in Coyame, where the PRI received 575 votes.

Meanwhile, the PAN won in Parral, Nuevo Casas Grandes, General Trias, Ojinaga, Saucillo, Camargo, Casas Grandes, and Namiquipa Municipalities. Only the official results on the gubernatorial elections are still pending, as well as the appointment of 18 state congress deputies and results from the remaining 10 municipalities. Official results on these are expected on 19 July.

Guatemala

Serrano Previews Summit, Dialogue on Cuba

PA1707233692 Guatemala City Teleonce Television in Spanish 0330 GMT 17 Jul 92

[Text] On 16 July, President Jorge Serrano said that at the next Ibero-American Summit in Madrid he will propose a frank and fraternal dialogue among Latin Americans to seek a solution to the Cuban problem.

Serrano said: We are concerned about the Cuban problem, and have systematically expressed our position since the last Ibero-American Summit in Guadalajara, Mexico. We are aware of the Cuban people's sufferings, of the really difficult situation of people who have a right to a better life. We would like to see in Cuba a pluralistic, and representative democracy with total liberties, Serrano said during a meeting with foreign corespondents.

He stressed that his government has called for a frank and fraternal dialogue with President Fidel Castro. However, he added, this dialogue should be among Latin American countries only, to forestall any suspicion that it is designed to promote the interests of the United States or any other superpower.

Serrano will travel to Spain on 21 July to attend the second Ibero-American Presidential Summit. His trip has been strongly criticized by opposition political groups. Some deputies have said that he should not leave the country due to the difficult domestic situation.

Serrano Accuses URNG of Delaying Dialogue

PA1807000792 Mexico City NOTIMEX in Spanish 2334 GMT 16 Jul 92

[Text] Guatemala City, 16 July (NOTIMEX)—Guatemalan President Jorge Serrano Elias today accused the Guatemalan National Revolutionary Unity (URNG) of deliberately delaying the peace dialogue. However, Serrano said he is counting on the rebels returning to the negotiating table.

The president stressed that two months ago his government accepted the proposal by the conciliator Bishop Rodolfo Quezada Toruno with regard to human rights and proposed to the rebels that they set a deadline for signing an agreement on this issue. Serrano Elias said the rebel command is "playing around" with the procedures to "avoid discussing the basic points."

Quezada Toruno delivered the government's response to the URNG on 2 July to continue the peace talks, but the rebels denied having received the document.

Serrano Elias said he regrets that the rebels had not accepted his proposal for holding a permanent peace dialogue as of 15 July and until the peace agreement is finally signed. [sentence as received] "Instead of holding a serious dialogue, the rebel commanders stage a diplomatic offensive in Europe and America and hold academic conferences, without anyone criticizing them," he said.

Manuel Conde Orellana, president of the Peace Commission, and Defense Minister Jose Domingo Garcia Samayoa stated their satisfaction with the restart of the dialogue as of 2 August. The chief of the Guatemalan Armed Forces said the restart of the dialogue, which has stagnated since last February, will prevent the existing insecurity from wearing down the society. "The Guatemalan Army has the utmost interest in the signing of a peace agreement and has always supported the negotiations," said Samayoa.

Reduction of Army, U.S. Military Aid Examined

PA1807034492 Panama City ACAN in Spanish 2156 GMT 17 Jul 92

[Text] Guatemala City, 16 Jul —The Guatemalan Army, which according to President Jorge Serrano is the smallest in Central America, will not be reduced, but the recommendations of a regional security commissison will be studied, the Guatemalan president said on 16 July.

"We want a regional military balance taking into account population and territorial factors," Serrano said at a news conference with foreign journalists. Serrano said there are various parameters in reducing the military forces, and that Guatemala will seek an agreement with the other governments in the region.

Nicaragua and El Salvador, for example, have smaller populations, and yet they have larger armies compared to Guatemala, and there is also a difference in the type of military equipment they use, Serrano stressed. However, he admitted that the reduction of military forces in Nicaragua from approximately 80,000 to less than 20,000 soldiers was a positive step for a dialogue on the subject.

"We believe there should be a balance of forces, because we have a long border with Mexico and Belize, and we also have two coasts and 108,000 sq km of territory," and almost 10 million inhabitants. A reduction in the number of soldiers, estimated at 40,000, plus several dozens of thousands of civil patrol members, is one of the guerrilla demands within the framework of the peace talks under way with the government since April.

However, both President Serrano and Defense Minister General Jose Domingo Garcia have reiterated on various occasions that the Army will not be reduced as long as rebel armed groups exist.

Regarding U.S. military assistance, Serrano said that he has been unofficially informed that nonlethal aid will be resumed. U.S. military aid was suspended at the end of 1990 following the murder of U.S. citizen Michael Devine by Guatemalan soldiers. During 1990, the last

year of the previous government headed by Vinicio Cerezo, U.S. military aid totaled approximately $2.5 million.

"We have not requested it (the resumption of aid) but I must admit that there has been a substantial change in the U.S. Senate and Congress regarding Guatemala," he stressed. Serrano said that "the attitude," and not the amount of U.S. military assistance is significant.

According to Serrano, his government's progress in the area of human rights influenced the U.S. decision to resume military aid. Serrano added that his government is making great efforts to eradictate the violation of fundamental liberties and prevent the repetition of past actions. "We are working in that direction and seeking advice from the Inter-American Court (of Human Rights)," he stressed.

Honduras

Officials Dismissed Over Political Dispute

PA1707214992 Tegucigalpa EL HERALDO in Spanish 17 Jul 92 p 3

[Text] The dismissal of several public sector and foreign service officials, and the immediate appointment of their replacements, occurred suddenly on 16 July, it was reported by government sources.

The dismissed officials include the controversial Honduran consul to Miami, Roberto Antonio Callejas, also known as "El Zarco," who is the cousin of President Rafael Leonardo Callejas—currently on an official visit to the Republic of Panama.

No one knows who will replace "El Zarco" Callejas, but there are rumors about many candidates—whose names were not mentioned—to replace him.

Hector Sanchez, director of the National Children's Foundation (PANI) has also been dismissed. It is taken for granted Douglas Sarmiento will replace him as director of that charity organization. Sarmiento is assistant director of the Teachers Retirement and Pension Institute (Injupem).

Colonel Mario Flores Theresin (retired) was also removed from the post of president of the National Committee for Sports Facilities (Conapid). Deputy Finance Minister Rene Ardon Matute has been appointed to replace him on a provisional basis.

Sources close to the government said the dismissal of Roberto Antonio Callejas, Hector Sanchez, and Mario Flores Theresin occurred because they defected from the Rafael Leonardo Callejas National Recovery Movement (Monarca) to join the Oswaldista Movement.

The announcement of their departure from Monarca occurred on 16 July in an improvised news conference at Toncontin International Airport. They announced their departure from the movement founded by President Callejas to join Jose Oswaldo Ramos Soto's "Blue Locomotive."

The reaction came quickly and that very same afternoon they were handed "white envelopes," notifying them of their dismissal from the public posts they had been appointed to by the current administration.

The same sources interpreted this as a clear definition of positions on political issues, meaning President Rafael Leonardo Callejas supports the appointment of Nora Gunera de Melgar as Monarca's presidential candidate.

Other government sources said this is only a fulfillment of President Callejas' words. He publicly said—first in a speech and then in a communique—that any public official who becomes involved in politics should resign or request leave without pay—or else they will be dismissed.

Nicaragua

Chamorro To Travel to Spain; Ortega in Charge

PA1707221392 Managua Radio Catolica in Spanish 1100 GMT 17 Jul 92

[Text] President Violeta Chamorro will leave on 20 July for Spain. She will be accompanied by her son-in-law [Presidency Minister] Antonio Lacayo, at a time her government is facing its worst political crisis.

Confronted with the political coalition that brought her to power, Violeta Chamorro is now facing criticism from the country that gave her more support, the United States.

U.S. Government officials have said that there will not be one more penny for the Chamorro administration if she does not comply with her democratic commitments to return property confiscated by the Sandinists to their legitimate owners.

Chamorro will travel to Spain without leaving the republic's vice president in charge. In fact, it is reported that power will be left in the hands of General Humberto Ortega.

Comptroller Presses Charges Against Lacayo

PA1807135792 Managua Radio Sandino in Spanish 1830 GMT 17 Jul 92

[Text] Comptroller General Guillermo Potoy, in front of a large number of Social Democratic Party members and scores of foreign and local reporters, has requested the removal from office, indictment, and the imposition of a fine against Presidency Minister Antonio Lacayo. Potoy also requested that legal procedures be initiated, on the grounds of presumed criminal liability, against Antonio Ibarra Rojas, former deputy presidency minister, who is accused of diverting more than $1 million from the Social Care Fund for the Downtrodden [FASO].

According to the final report issued by Comptroller General Guillermo Potoy, Minister Lacayo has been charged with being an accessory, based on Articles 136, 155, and 171 of the General Law of the Comptroller General's Office, which state action or omission as well as negligence by Minister Lacayo as the main elements of the charges. The report also implicates FASO assistants, secretaries, administrators, accountants, and area directors, and several National Assembly deputies.

[Begin Potoy recording] In part, the resolution states the following: Based on this information, and in accordance with Article 10.17 of the organic law of the Comptroller General's Office, the undersigned comptroller general, by virtue of the power vested in him by law, does hereby resolve:

1. The final result of extensive investigations has determined a presumption of criminal liability against Antonio Ibarra Rojas, former deputy presidency minister, punishable by a maximum fine of 5,310,752.03 cordobas.

2. The investigation also determined a presumption of criminal liability against Presidency Minister Antonio Lacayo Oyanguren, as an accessory to Antonio Ibarra Rojas, punishable by a maximum fine of 5,310,752.03 cordobas.

3. A presumption of criminal liability was determined against (Dora Gerard Echevery de Wright), the former private secretary to Antonio Ibarra Rojas, as an accessory to the former deputy presidency minister, punishable by a maximum fine of 5,310,752.03 cordobas.

4. A presumption of criminal liability was determined against Maria Auxiliadora Fernandez Obando, former executive secretary to Antonio Ibarra Rojas, as an accessory to the former deputy presidency minister, punishable by a maximum fine of 5,310,752.03 cordobas.

5. A presumption of criminal liability was determined against (Leonor Gaitan Urbina), former secretary to Antonio Ibarra Rojas, as an accessory to the former deputy presidency minister, punishable by a maximum fine of 66,000 cordobas.

6. A presumption of criminal liability was determined against Mario Cardenas Vivas, a former personal assistant to Antonio Ibarra Rojas, as an accessory to the former deputy presidency minister, punishable by a maximum fine of 179,542.64 cordobas.

7. A presumption of criminal liability was determined against (Jairo Amador Arrieta), former adviser to Antonio Ibarra Rojas and former legal adviser to the National Reconciliation Program, as an accessory to the former deputy presidency minister, punishable by a maximum fine of 46,026.00 cordobas.

8. A presumption of criminal liability was determined against Luis Orestes Pereira Pacheco, former national coordinator for the [word indistinct] five-year overall development plan, as an accessory to Antonio Ibarra Rojas, punishable by a maximum fine of 2,924,304.82 cordobas.

9. A presumption of criminal liability was determined against Fatima Socorro Perez Sanchez, formerly in charge of administrative and financial matters of the [word indistinct] five-year overall development plan, as an accessory to Luis Orestes Pereira Pacheco, punishable by a maximum fine of 2,924,304.82 cordobas. [end recording]

Ortega Addresses Sandinist Anniversary Rally

PA1907200992 Managua Radio Sandino in Spanish 1643 GMT 19 Jul 92

[Speech by Commander of the Revolution Daniel Ortega Saavedra, secretary general of the Sandinist National Liberation Front, FSLN, at a rally commemorating the 13th anniversary of the victory of the Sandinist revolution at Revolution Plaza in Managua—live]

[Text] Nicaraguan brothers and companeros; delegates, special guests, and observers from the Sao Paulo forum, friendly delegates of the Palestinian people, the Guatemalan National Revolutionary Unity, Iraq, the Farabundo Marti National Liberation Front of El Salvador, Cuba, and PRC. Because it was not heard before, I wish to repeat that a delegation of the heroic people of Iraq is here. [crowd cheers and applause]. There is a delegation from South Africa, where the people are fighting, just as the Nicaraguan people fought, accompanying us in this 13th anniversary of the triumph of the Sandinist people's revolution. [applause] There is a delegation from the DPRK. [crowd cheers and applause] We could spend the entire afternoon mentioning names of the many friendly delegations of countries that have always supported the Nicaraguan people. These delegates have come here to confirm their solidarity with the revolution. [crowd cheers and applause]

How many children do you think die of diarrhea in the world for lack of food and medical attention? Who can guess? Four million. Diarrhea is a disease that could be combated and prevented. When we include pneumonia and other child diseases, which could be easily prevented and combated, the number of children who die in the world rises to more than 7 million.

More than 250,000 children die every week, especially in Africa, Asia, and Latin America, this is to say, in the South. All these deaths could be prevented if savage capitalism should stop defending this genocide and criminal policy of killing children. Only $20 billion would be sufficient to combat child mortality, particularly in Asia, Africa, and Latin America.

From where could we get that $20 billion? We could get it by taking only 1 percent of the military budget of the capitalist countries, of the rich countries, only 1 percent. That would provide the $20 billion needed to fight

disease in a world where kids are being murdered by an economic policy that promotes genocide.

If military expenditures worldwide were to cease for only one week there would be enough resources to take care of these problems. We are not talking about the impossible, the absurd. We are talking about justice and about achievable proposals.

Today's world is described as a unipolar world. Who predominates in this world? Who is on top at the moment? Who is proposing aggressive military and economic policies against the people of the world? Who is on top—the U.S. Government, helped by the developed and industrialized North, by the North that defends the kind of extremist and vicious capitalism that produces infant mortality in the South.

What can we Nicaraguans, we Sandinists, we revolutionaries do? Should we just accept the opinion of those who say it is not worth raising the banner of revolution in Latin America and the world? Must we accept the opinion of those who in the name of modernity preach for servility in the face of Yankee imperialist policy? Must we surrender to the Yankees so they may continue oppressing us like they oppressed us before? Should we accept now that the Sandinist National Liberation Front [FSLN] become a party of businessmen and cease being the party of the poor? Have we all gone crazy? Nowadays anyone who thinks the way we do is said to be crazy.

I am not an orator but I remember a short poem that goes like this: Perhaps Sandino was most crazy

This continent has too few mad people left

It would be great if on our soil,

Indian and Latin,

We were to have more people crazy

The way Sandino was crazy, Senor!.

Could we say that the standard of living of Nicaraguans—this heroic, brave, and combative people who on 19 July 1989, 13 years ago, opened a new road—has improved?

Can we rightfully say that no one is starving in Nicaragua? More than 70 percent of the Nicaraguan population lives in poverty, and more than 53 percent of the Nicaraguan population is unemployed. So who should be considered the majority in Nicaragua, the ruthless capitalist or the poor? [crowd shouts: "The poor"] Is the FSLN going to play the capitalist game or is it going to commit itself to the poor? [crowd shouts: "Commit itself to the poor"]

Who of you gathered here today could agree with such ruthless capitalism? A capitalism that promotes unemployment and hunger, a capitalism that takes away the chance of an education not only from the university students who are currently demanding 6 percent [of the national budget to be spent on the universities], but also from the high school and grade school students, as well as from all those children who attend day care centers.

There are those who, in the name of politics, say that for the Nicaraguan revolution and the FSLN to continue to be an alternative, we must stop attacking the Yankees and being anti-imperialist. [crowd cheers] Let the imperialists know that the people here are again voting against imperialism. It is not we who must change and become slaves to the Yankees. We will not be servile to the Yankees. The Yankees will have to respect us, then we will be able to understand each other. Otherwise, they will always meet with resistance from the Nicaraguan people. In their resistance, the people know how to value the dignity they earned 13 years ago on 19 July 1979.

Listen carefully, fellow Nicaraguans. All those Latin American governments that have adopted a servile attitude toward the Yankees have never been well rewarded. They have not received more aid for development. They have not received more financial aid to solve their health and education problems. The Yankees have been very active in funding the war in El Salvador, the war in Honduras, or even when Nicaragua was being attacked. But they do not send funds for the economic and social development of the Honduran or the Salvadoran people. The Yankees were swift to send funds for the war against the Nicaraguan people. They promised to send a torrent of funds if this government won the elections. Where is the torrent of funds? What we have is a torrent of hunger, unemployment, misery. That is what the Nicaraguan people receive from the Yankees. [crowd cheers] The Yankees' actions are comparable to that of usurers who do not lend one penny but like to take all they can get or steal.

Let us understand clearly that if, as responsible Nicaraguans with a sense of the homeland, regardless of our political, ideological, economic, and social stands, we want to have a true Nicaragua and improve the country's economy and every other field as well, such improvement will not depend on whether we are more or less servile to the Yankees but on our own determination to struggle and work. [crowd cheers and applause]

In this square, which is of the revolution and not of the Republic, as Somoza called it, we are commemorating the 13th anniversary of the triumph of the Sandinist people's revolution. This is the rally in Managua. A celebration is also going on in Waslala, La Guinea, Leon, Rivas, Matagalpa, Chinandega, Chontales, and throughout Nicaragua by the Sandinist peasants, those who fought with the Nicaraguan Resistance [RN]. Throughout Nicaragua we are again on this date committing ourselves to the improvements we attained through our revolution.

Now we will talk about a strategic struggle for the country's future, one that marks an economic alternative for Latin American peoples. We mean the struggle we are waging in favor of agrarian and industrial property and

its democratization, as well as the democratization of personal residences. With the revolution, we helped more than 125,000 peasant families. The current government has handed out land to more than 11,000 RN demobilized peasants and more than 3,000 companeros discharged from the army.

There are new economic actors in this country; they own the land. More than 140,000 families possess more than 4 million manzanas of land. The problem lies in savage capitalism attempting to set up camp in our homeland. It wants to take away the land from those peasants and cooperatives. This is being done through various means, from legal trickery to force. Attempts have been made to involve the National Police and the Sandinist People's Army [EPS] in these criminal acts. These attempts have been defeated because the peasants resisted and the police refuse to act as the Los Angeles police act, killing the American people. [crowd cheers]

The Yankees are pressuring us because they want a police force for Nicaragua like that of Los Angeles. Would we accept a police force like that of Los Angeles? [crowd shouts: "No"] The Yankees want to make the EPS disappear and impose on us a National Guard like that of Somoza's. Will we accept a National Guard like that of Somoza's? [crowd shouts: "No"]

For this reason, although we are in favor of a civil and peaceful struggle, we will respond in any field in which we are provoked. If someone wants to impose on us again a Somozist guard or police, we will again wield our rifles as we did to overthrow Somoza's dictatorship. [Crowd cheers and applause]

It is fine for those who were abroad to return, but let them invest in this country and stop depriving the peasants of their land. It is fine for those who were in Miami to return, but not to take houses and land from the people. It is fine for those who were abroad to return, but let them return with a patriotic spirit, not with a Somozist and capitalist spirit. If they do not return with a patriotic spirit, they will not succeed. [shouting]

Recently, agreements were reached regarding a slaughter house in Chontales, the Amerriquia Slaughter House. Let us all pay attention to what I am going to say so we may see who is sectarian, who is seeking revenge, who is full of hatred, who is unreliable, and who has an anti-democratic spirit.

We have been defending the workers' right to own 100 percent of that slaughter house. The workers, acting in a very flexible manner, accepted receiving 33 percent of the shares. The government then returned the remaining shares to the former owners, who agreed to respect the rights of the workers.

Here is an example of the capitalists' attitude: As soon as the agreements were signed, the capitalist shareholders denied the workers' rights and dismissed 114 employees. This is a rejection of the alleged democratic spirit of the capitalists. This is a reaffirmation of an egotistic, individualistic, and revengeful policy.

Those capitalist gentlemen from the slaughterhouse are mistaken if they believe the workers will just accept this. The workers are struggling and the FSLN is at their side, struggling for their rights. There is still the opportunity to resolve the situation peacefully through dialogue and negotiations. How the struggle will take place is no longer in the hands of the workers. How the struggle will take place will be determined by the capitalists. If they act intelligently, the problem will be resolved and the enterprise will prosper. If they insist on defending their privileges and on denying the workers' rights, the workers have every right to resort to any kind of struggle to defend their rights.

If the capitalists who claim they love the fatherland, if the businessmen who call themselves Nicaraguans, were to act intelligently, it is possible the conflicts will not produce additional crises. Let us make it clear that if a vicious kind of capitalism wants to crush the peasants by taking their land, to crush the people by dumping them into unemployment, to crush the people by denying their rights, the crushed ones will not be the people but the vicious capitalists.

When we speak of vicious capitalism, we can say that we Sandinists did not coin that phrase. Who first spoke of vicious capitalism? Who knows? Somebody here said the pope and that is right. It was the pope, Pope John Paul II, who spoke of vicious capitalism. No one can say the Sandinists invented the phrase about vicious capitalism, that this is a manifestation of a sectarian attitude. No. We Sandinists are committed to work for the workers, for the peasants, for a national project—but not for a national project that Pinochet imposed in Chile while crushing and killing the people. We are committed to a national project that defends, first of all, the interests of the workers, the poor, and the majority. This kind of project can progress as long as the privileged minorities understand it is necessary to support it and not to coordinate a national project to suit their interests.

The vicious capitalists reason this way: We get the rights; the workers and the poor get the obligations.

The vicious capitalists deny the rights of the workers and the peasants and take all the rights for themselves. They leave only the obligations for the workers and the peasants. This is why on this 13th anniversary of the revolution, we urge all Nicaraguans—without political, ideologic, economic, or social distinction—to set aside extremism and sectarianism and to think about the workers, peasants, students, and teachers. Let us look for solutions to the problems by working harder and let us push Nicaragua forward.

On this 13th anniversary of the triumph of the Sandinist People's Revolution, the unity of the Sandinists and all the people is essential to continue the struggle because only unity can make our struggle successful.

Just as we joined forces 13 years ago behind the Sandinist banner—disregarding political and ideologic differences—to overthrow the Somozist dictatorship and to defend the blue and white flag of our fatherland, just as we called for the unity of the people to defend ourselves from the imperialist aggression, now we have to call for the unity of all the people to defend the right to work, the 6 percent benefit for university students, to ensure the people who are hungry have food, to promote credits for production, and to work for a feasible Nicaragua, not for an absurd Nicaragua conceived by those who hoist the banner of vicious capitalism.

The force of the people and the unity of the nation opposes vicious capitalism. This is what will push Nicaragua, our fatherland, forward.

We have a good future because we are aware, our morale is high, and we have courage. There are many problems now, but we are certain victory belongs to the people, therefore, we will be victorious.

Viva the heroes and martyrs of the Revolution! Viva the heroes and martyrs of La Sabana! Viva international solidarity! Sandino is alive! Sandino is alive! Sandino is alive! Free fatherland! [The people shout: Or death!] Viva Sandino!

Sandinist Deputy on Plot To Assassinate Ortega

PA1907042992 Managua BARRICADA in Spanish 18 Jul 92 pp 1, 10

[Report by Carlos Garcia C.]

[Text] On 17 July during a ceremony to mark the liberation of Chontales, Luis Enrique Figueroa, political secretary of the Sandinist National Liberation Front [FSLN] in Region 5, charged that armed groups plotted to assassinate former President Daniel Ortega Saavedra during a public event in Chontales.

Figueroa said that three days ago the FSLN's regional committee received information indicating that Nicaraguans who returned to the country reportedly asked recontra elements to infiltrate the 17 July ceremony to assassinate former President Ortega.

Figueroa added that a person carrying a rifle, which was apparently going to be used in the operation, was captured shortly before Daniel Ortega's arrival in Juigalpa.

The Chontales leader said armed groups plan to burn vehicles and kidnap and murder Sandinists and government officials, who support the reconciliation policy, on the highway to Rama.

The departmental leader believes these groups seek to apply pressure on the government and demand the reorganization of the police, retirement of General Humberto Ortega, dismissal of Presidency Minister Antonio Lacayo, and even want President Violeta Chamorro to reconsider the government leadership.

These operations would involve recontra leaders such as Solin, Huracan, Matizon, Culebra, Cafe Negro [Agustin Rivera], Ernesto, and others, who have carried out propaganda activities in the area.

Luis Figueroa said the FSLN in Region 5 already presented evidence on the plans these individuals plan to implement this month.

These recontra leaders are the same ones who sowed terror at peasant cooperatives near Nueva Guinea, forcing cooperative members to flee for their safety.

When asked by the local media about the plot to assassinate former President Daniel Ortega, Commander Francisco Cuadra, Region 5 police chief, said the police in the next few days will launch an intense operation to combat what he called "crime rings," which are committing all kinds of crimes in the area.

The police chief disregarded the veracity of reports on plots by rearmed men to destabilize the current government, but admitted armed recontra groups are active in several points of the region.

He said that Huracan and his men are operating in southern Muelle de los Bueyes and Matizon and his men are operating in the vicinity of El Ayote and Santo Domingo. Also, the recontra known as Repollo is sowing terror in Rama and Cafe Negro is operating south of Nueva Guinea.

The police chief reported that a person was arrested on 17 July for illegal arms possession, but he does not believe this person is linked to plans to assassinate Commander Ortega.

The Government Ministry on the evening of 17 July issued a communique stating it received a report by Sandinist Deputy Luis Enrique Figueroa on a plot to assassinate Commander Daniel Ortega.

The communique, signed by Commander Edwin Cordero Ardila, states the National Police of Chontales was instructed to handle this issue with great discretion and to conduct an investigation to determine if such a plot exists and to prosecute those who are involved.

The communique also reports there are criminal groups operating in Nueva Guinea, Rama, and Santo Domingo, where they have committed crimes against the peasants, however, the authorities are already pursuing them.

EPS Personnel Chief on Army Reductions

PA1707171592 Managua Radio Nicaragua Network in Spanish 1100 GMT 17 Jul 92

[Text] On 16 July, Colonel Hugo Torres, chief of staff and personnel in the Sandinist People's Army [EPS], stated reduction in the Army is a complex and difficult issue when he announced the discharge of 2,000 officers.

The discharge of 2,000 officers represents the last phase of the reduction plan, stated Col. Torres. He added this

is caused by the difficult economic situation prevailing in the country and in compliance with the Esquipulas II Agreements.

Col. Hugo Torres said the reduction of 2,000 officers within the Army ranks will leave the EPS with 18,500 members, thus making it the smallest Army in the Central American region.

FSLN's Tinoco on Leadership, Structure

PA2007021792 Managua BARRICADA in Spanish 19 Jul 92 p 9

[Interview with Victor Hugo Tinoco, Sandinist National Liberation Front, FSLN, Managua department secretary, by Elisa Maturana; place and date not given]

[Text] [Maturana] In your opinion, what is the structure that best suits the FSLN [Sandinist National Liberation Front] under the current conditions?

[Tinoco] "I believe the fundamental role of party structure must be oriented toward coordination. Not coordination in the traditional sense, such as imposing or deciding, but assisting the various sectors to understand and communicate with each other. In addition, we must give some coherence to the various forms of organization. The FSLN's role must be a role of interlocking.

"I would not invent permanent or uniform solutions as a way to solve social realities. Instead, I would look for solutions in each department where conditions are new and more appropriate. That is where answers are to be sought.

"The challenge lies in finding a structure that, starting from scant resources, will allow us to give maximum attention to all the social sectors' demands, not necessarily to duplicate a massive party apparatus or structure, but an apparatus adequate to the conditions under which we are working and will allow us to generate a certain awareness."

[Maturana] The government has shown signs of weakness in the past two years. Has the FSLN capitalized on this?

[Tinoco] "I think the FSLN—from a structural standpoint—has not been belligerent enough, nor has it capitalized, on the government's weakness.

"I am not certain anyone has capitalized on it. Some say the right wing has capitalized on the government's weakness. I am not sure about that."

[Maturana] What could they do to capitalize on it?

[Tinoco] "That is a dilemma. You need resources to meet the multiple demands of the rank and file. The FSLN must inevitably create or find ways to meet the needs of its rank and file. We are lacking that.

"When the state apparatus was dismantled, we depended on voluntary work, which was insufficient. Those who say otherwise are lying.

"This is why I think certain comrades are mistaken when they claim the structures make no sense. Perhaps they make no sense as a massive form, as we knew them, but they are necessary in meeting needs."

[Maturana] What is your criteria on the negotiations with the government?

[Tinoco] "It is good to hold negotiations and a dialogue with the government, but the weakness (of the FSLN) is that it has failed to finalize an alternative proposal to the government's current economic policy.

"The basic position is that the FSLN has no responsibility for the economic plan or for the drafting of structural adjustment plans. It should not destroy or obstruct the government for the sake of regaining power, which would create a difficult situation for the country."

[Maturana] Has the democratization process met its expectations?

[Tinoco] "As of now, democracy is no longer the problem of the FSLN. Some are already saying that if one gets too involved in this process of 'democracy for democracy's sake' one could become entangled.

"In two years we have realized that characteristics such as leadership skills and the ability to relate to others and make contacts are important when electing one's leaders. Democracy will not be useful to you if you do not keep this in mind."

[Maturana] Some claim the party is experiencing a leadership crisis. Do you agree?

[Tinoco] "I think we have a small mid-level leadership problem. We should have more active leaders in the social and political arena. Many are now inactive or in retreat because of the electoral defeat or economic crisis. This is the area where I think we have a leadership deficit, a big gap. There are no problems within the rank and file because they are represented. I do not think we are confronting a leadership problem at the national level either."

[Maturana] Why do you think this is the case?

[Tinoco] "Those who were in the rank and file and close to the people and were involved in the war for 10 years, feel frustrated. After the defeat, scapegoats were sought and those mid-level people received much of the blame. They believed it was their obligation to play the role of the scapegoat and retreated. This is not right because many of these comrades contributed much, perhaps not as leaders, but as guides.

"The party's role at this time is not that of a leader, in the sense of being a leader of the masses, but of a coordinator, to give direction and coherence to the movement."

[Maturana] Has involvement in this process created identity problems?

[Tinoco] "I think there is an identity problem, but it is not very serious. I think this is caused by political, ideological, and ethical factors.

"The first pertains to the FSLN's programs and principles that state this party welcomes people from all social classes and its objective is to benefit the majority, that is, national interests.

"Now, in keeping with their experiences and social classes, certain comrades have made a more flexible or less flexible, a more orthodox or less orthodox, interpretation of what the program states. Interpretation poses an identity problem for us.

"The second problem is ethical in nature. Some people have economic resources and a great majority are poor and looking for ways to survive. It is difficult to get those who have nothing to identify with those who do."

[Maturana] Is that an unsurmountable difference?

[Tinoco] "You could overcome it by generating solidarity and high visibility. We will be able to overcome this to the extent we develop ties."

[Maturana] Some Sandinists believe an armed struggle or "revolutionary violence" should not be ruled out. Do you believe this form of struggle is valid?

[Tinoco] "One must differentiate between them. The people are suffering from the institutional violence of a specific government policy. Those people—I am convinced—have a right to react violently in certain instances. That would be their reaction to the policies that are being implemented.

"That is different from an armed struggle. I think at present we cannot afford to nor is it advisable for the poor people to resort to weapons."

Panama

Honduran President Visits Chiriqui Province

PA1707132492 Panama City Circuito RPC Television in Spanish 2300 GMT 16 Jul 92

[Text] The Honduran President Rafael Callejas and Panamanian President Guillermo Endara Galimany who met in David, Chiriqui Province on 16 JulY and reaffirmed the spirit of Central American integration. They announced a strategy to expand bilateral economic cooperation and promote exports.

Regional banana exports and prices on the international market will surely be the leading topic discussed during President Callejas' two-day tour in Panama. However, during the portion of the tour that took place in Chiriqui Province, the focus was on celebrating the bicentennial of the birth of Central American hero General Francisco Morazan.

The events began with a 45-minute delay. President Callejas and his wife landed in Panamanian territory at 1045 on 16 July. Panamanian authorities headed by President Guillermo Endara and First Lady Ana Mae Diaz de Endara attended the welcoming ceremony. The keys to David were given to President Callejas by David Mayor Rogelio Baruco at the Enrique Malek Airport. Both presidents then traveled to the Social Security Hospital in David, where they were received by hospital authorities. They toured the hospital and learned about the work being done in Operation Smile [free medical care for children] in Chiriqui Province.

A visit to the Jose Domingo de Obaldia Museum was next. There they discussed the heroic deeds of General Francisco Morazan.

The most important visit was paid to Francisco Morazan High School, where both presidents praised the deeds of that Central American hero. They unveiled a plaque to commemorate the first visit of President Callejas to David.

[Begin recording] [Callejas] I have come here to share a moment of reflection, especially on the 251st anniversary of the birth of this Central American patriot, General Francisco Morazan. He gave us the eternal heritage of freedom, the most precious gift to any man or woman who loves his or her freedom. Thank you, President Endara. [applause]

[Endara] The spirit of Morazan was of such magnitude that his efforts went beyond the limits of his fatherland, Honduras. He projected his image throughout the entire region, which led to his election as president of the Central American Federation on 16 September 1830. [end recording]

Discusses Integration With Endara

PA1807040492 Panama City Circuito RPC Radio in Spanish 1704 GMT 17 Jul 92

[News conference by Panamanian President Guillermo Endara and Honduran President Rafael Leonardo Callejas at the Yellow Room of the Palace of the Herons in Panama City—live]

[Text] [Moderator] The first question is from INTER PRESS SERVICE correspondent David Carrasco.

[Carrasco] President Callejas, in spite of your historic meeting with President Guillermo Endara, in spite of the importance of the joint declaration that has been issued, and in spite of the many efforts that have been made to produce an understanding, Panama and Honduras have not reached a solution to the trade imbalance that exists between the two countries . Do you think that within 60

days an agreement can be reached on customs differences and on the problems that arise out of bilateral commerce, and that a decision can be adopted on how much of each product can be traded?

[Callejas] I want to say that I appreciate this opportunity to speak to you at such a suitable moment, when we have signed a joint declaration with the president of Panama. Through the media I want to thank the Panamanian people for the warm welcome we have received in Panama City and in David.

Your question is clear. In 60 days we will not be dissolving trade imbalances or resolving structural problems that have resulted from the lack of trade between Honduras and Panama.

With a basis on new international trade concepts, we believe that trade does not necessarily have to be balanced, that it can be asymmetrical as long as it grows. We want increased trade. It could be that we have an imbalanced trade relationship with Panama, and that Panama, let us say, has a more favorable balance. However, Honduras could have a favorable balance with Germany. What is important is to have a flux allowing increased economic relations.

The countries that view it this way are promoting suitable mechanisms to generate a fluid movement of capital, investments, financial operations, banking opportunities, and insurance companies: other types of mechanisms in addition to commercial mechanisms. Integration and bilateral relations cannot be viewed only in terms of trade. This view would not be the most suitable for a free trade zone. In 60 days we will analyze what we have at that moment, we will then adopt measures. This will be a re-initiation, a rebirth of a trade relationship that we believe should be expanded: We want more trade with Panama. We want Panama to reach Honduras more. We have to create links in this regard. There are no sea links between our two countries. Some Panamanian businessmen have told me about problems they face: They sell products, food, and technology to Honduran shrimp pools, but there are no ships sailing to the Honduran Pacific side.

These are elements we have to analyze. There is a long road ahead of us, but we are adopting the initiative to create this kind of alternative, and this is important.

[Moderator] Julia Elena Alvear, from Telemetro Television.

[Alvear] Good morning, President Endara and President Callejas. My question is for President Endara. Some Panamanian economists say that the Central American integration plans are somewhat romantic, considering the dollar and the value of this currency. President Callejas has mentioned alternatives that involve more than just trade, but what will the Panamanian Government do to balance the situation, considering that Panama's currency is the dollar and that the production of goods is more costly here than in the rest of Central America?

[Endara] That question is for me?

[Alvear] Yes sir.

[Endara] In today's world there is nothing romantic about integration. Whoever looks at recent history will realize that the whole world is integrating into various blocs. There is the European bloc, which is very well organized; the Asian bloc; the two South American blocs, which are moving rapidly; and the North American bloc, which is also making progress. There is nothing romantic about integration. It makes a lot of economic sense. The European experiment has shown us that road. The Europeans did not integrate all at once. They are not fully integrated yet. We have to overcome difficulties also. In Panama's case, our monetary system and the nature of our economy—a service economy—are always mentioned. These facts should not keep us from a search for mechanisms to overcome these difficulties. We do not want to do everything overnight. We cannot do it. However, we can move forward progressively and in a complementary fashion. I think we can find formulas so that Panama and the rest of the Central American region can complement each other. This is the idea of integration. It is not romantic.

[Moderator] Colleague Alina Guerrero of the ASSOCIATED PRESS.

[Guerrero] President Callejas, will you sign the mutual legal assistance agreement that Panama is trying to get all Central American governments to sign? Also, in your opinion what aspects of this agreement are the most important?

[Callejas] We will take the mutual legal assistance agreement proposal very much into consideration. We have discussed the matter with President Endara and Foreign Minister Linares. I do not know the details of the agreement because the final outcome, which will be determined in the negotiations between the foreign ministers, has still not reached my level. However, Honduras is willing to support anything that will help us advance, particularly in the struggle against drug trafficking—and this topic is included—and we welcome the Panamanian Government's initiative in this respect.

[Moderator] Journalist Edgar Fernandez of EFE Agency.

[Fernandez] President Callejas, what do you expect from the Ibero-American summit in Madrid? Will you be taking a specific proposal to this summit?

[Callejas] This is the second Ibero-American summit. The first summit produced an extensive conceptual framework that included the way the presidents and the heads of state of Latin America, Spain, and Portugal visualize the future. We have to make important

advances in the cultural, social, and economic fields. In Guadalajara, we started to move in this direction and I believe more concrete initiatives in a few of these areas—for example, education, environment, and health—will develop in Spain. Other matters will have to wait for coming summits as regional blocs, and not the Latin American continent as a whole, are establishing economic integration systems. Thus, we are not all prepared to take such steps.

The summit's importance is undoubtably based on the fact that all the political leaders, the legitimate representation of the countries on the American continent, will be present and stronger ties will be made. The summit in Spain will produce more concrete results than the ones that resulted in Guadalajara. The established framework, however, is good and will increasingly prompt decisive actions to confront specific issues.

More than anything else, however, what we take and bring from the summit is our increasingly closer ties with all the countries. We learn to know each other better and this is of great service to all of us.

[Moderator] Correspondent Tomas Alberto Cupas of UNITED PRESS INTERNATIONAL.

[Cupas] My question is for both presidents. What programs or concerns will you present at the Ibero-American summit in Madrid in a few days?

[Callejas] As I told your colleague a few minutes ago, we will define issues related to education, such as our participation in a satellite cultural-academic system called [words indistinct] which is the Hispanic satellite. Spain will promote rapprochement through communications.

In the area of human development, the main social issue is the struggle against cholera. Actions in these fields will be further detailed at the summit.

We should not expect all-encompassing actions on the short term. These meetings cannot give these results. We will not sign trade or joint economic agreements. We are not at this level yet. We will, however, advance in education as the satellite system will produce concrete results and will enable us to increase the cultural ties between the Latin American, Portuguese, and Spanish region.

[Endara] Being a bit more specific on the issue of culture, Panama has defined an idea proposed at the Guadalajara summit. It is that each country should establish a cultural house with which to promote the thoughts, culture, and civilization of Hispanic America to its people. Approximately two weeks ago, Panama issued a cabinet decree establishing that the former Balboa Club House [preceding two words in English] be assigned to Panama's cultural house and that the Ibero-American countries will be able to work there to promote the unity of our countries and our cultures.

[Moderator] Correspondent Francisco Urizarri of PRENSA LATINA, who is leaving our country in a few days.

[Urizarri] Good afternoon, Messrs Presidents. President Callejas, Panama and Honduras have contingents of U.S. troops on their territories. Did you talk about this issue with President Endara? What is your opinion on the permanence of U.S troops in Honduras?

[Callejas] We did not discuss the temporary presence of U.S. forces in Honduras. We have a short-term relationship with the United States, which is renewed on a temporary basis.

For the time being, the Honduran Government has made no decision on the withdrawal of U.S. military forces either permanently stationed in Honduras or in Honduras conducting exercises. We continue to implement the same short-term policy, because the existing relationship has been substantially modified.

The pacification of Central America requires a new type of relationship, which will focus on the struggle against drug trafficking. We, together with the support of the forces stationed in Soto Cano Base, Comayagua, Honduras, and the U.S. Southern Command based here in Panama, and through agreements, have developed clear and positive actions in the struggle against drug trafficking. We will maintain these programs, and as long as drug trafficking persists, we will continue to allow U.S. troops to remain in our country.

[Moderator] Correspondent Luz Quijada, RPC Radio.

[Quijada] President Callejas, in the case of Central American countries uniting, going back to the issue of currency specifically, what would be the status of currency? Will a common currency on par with the U.S. dollar be created? Where will the headquaters of Central American union be located? Could it be Panama, taking into account its geographical position?

[Callejas] The monetary issue is not a limitation for integration. There are other aspects of the Panamanian economy that other Central American countries must recognize. Panama has a service economy, a different economy concerning the handling of its monetary policy.

The fact of the matter is that the other Central American countries have their own currencies. Integration does not mean loss of sovereignty, nor does it mean the end of nationalism. it does not mean that Honduras will change its currency or that Panama will implement monetary changes. It does not mean that Guatemala will replace the quetzal.

A monetary unit called the Central American peso, which is equal to the U.S. dollar, simply will be established for exchange purposes, from the accounting standpoint. This will be the Central American equivalent of European currency units [three preceding words in English], ECUs. It allows countries to maintain balances

for the compensation chambers. In other words, the monetary system will not be changed.

This topic concerns me a little bit, because it appears that Central American integration entails change of currencies. Despite forming a free trade zone with the United States, Mexico will maintain its peso and the United States will keep its dollar. There is no change to that. We are simply establishing compensation mechanisms. The circumstances in Central America do not imply that such changes will be made.

Basically, Panama has the advantage that it does not have inflation, nor does it have fiscal deficits. We, on the other hand, must control our monetary policy, because we cannot begin an integration process with inflationary processes of monetary destabilization.

Logically, in the future, we must reach agreements to harmonize our policies. We are already doing this with El Salvador and Guatemala. There is uniformity in monetary and fiscal policies. A country cannot maintain a 15-percent fiscal deficit and a two-percent monthly inflation and really become integrated with countries that do not have inflation or have fiscal deficits.

The same thing happened in Europe. To be able to attain economic unity, the countries adopted some monetary and fiscal control measures to receive the benefits of the system. In other words, these issues will have to be analyzed in depth.

The bottom line is that the world is moving toward the formation of regional blocs. By 1996, Central American countries, with the exception of Panama, will have reached agreements to form a free trade zone with the Group of Three [Colombia, Mexico, and Venezuela]. We will find a mechanism to solve the integration problem.

Becoming integrated, as President Endara said, does not mean that things have to be done overnight. Each country has its own characteristics and the timing of changes must be done according to these same characteristics.

Integration is not only economic integration. There are several aspects of integration which entail improvement in relations among the peoples in the areas of services, technology, culture, the drug trafficking struggle, road improvement, regional trade facilities, and transportation of products, when deemed convenient by every country.

Concerning your other question, the headquarters of Central American integration depends [pauses] the Central American Parliament is located in Guatemala, the Secretariat of ODECA [Organization of Central American States] will be in El Salvador, the Central American Bank of Economic Integration [BCIE] is in Honduras, and the Monetary Council is located in Costa Rica. Some organization of Central American integration will be based in Panama, once it decides to integrate into the region. The fact of the matter is that there is no Central American capital. Each country will house a branch of the integration organizations. The SIECA [Secretariat of Central American Economic Integration] is in Guatemala, the BCIE in Honduras, INCAP [Institute of Nutrition for Central America and Panama] in Costa Rica. There is an institution associated with economic integration in every country. This gives the integration process vitality and presence throughout Central America.

In this regard, when Panama decides to undertake the institutional aspects of integration, it will also have an organization that, according to the Central Americans, must be established in the Republic of Panama to allow for an integrationist forum.

[Moderator] Dear correspondents, the Presidency Press Secretariat will forward a copy of the joint declaration to you, along with the economic action program. We thank the presidents and correspondents for participating in this news conference.

Joint Communique Signed

PA1807225592 Panama City Circuito RPC Radio in Spanish 1655 GMT 17 Jul 92

["Joint communique" issued by Panamanian President Guillermo Endara and Honduran President Rafael Callejas in the Yellow Room at the Palace of the Herons, in Panama City; read by Rene Hernandez, press secretary of the Presidency of the Republic of Panama—live]

[Text] Honduran President Rafael Callejas, and his distinguished delegation officially visited Panama on 16 and 17 July 1992 in response to an invitation from Panamanian President Guillermo Endara Galimany.

The Honduran president's visit represents an event of great importance in our efforts to strengthen the traditional ties of friendship and brotherhood that unite the two nations and to expand economic and cultural relations and to promote cooperation between the two countries.

In view of this, the presidents have agreed to record the essence of their talks in the following joint communique:

Joint Communique

The presidents reviewed their bilateral relations and stated their satisfaction over the fact that their talks took place in the framework of much cordiality and mutual understanding.

The Honduran president thanked the Panamanian president and people for the solidarity they showed during the ceremonies in David to pay homage to General Francisco Morazan on occasion of the 200th anniversary of the birth of this Central American forefather. The ceremonies also marked his months of exile, during which the late president of the former Federal Republic of Central America lived in that city, where he wrote the David Manifesto to the Central American People as well

as his memoirs, two most important documents of Central America's republican history.

The two presidents agreed that Francisco Morazan's teachings continue to inspire the people of Honduras and Central America in their struggle for democracy. They reiterated their governments' support for the principles of equal sovereignty among states, nonintervention in the domestic affairs of other states, the people's right to self-determination, ideological pluralism, and strict compliance with international treaties.

They pointed out the constructive role the OAS plays as a forum to debate and to resolve problems in the hemisphere. They also pointed to the need to find ways to strengthen this organization and make it more effective.

The two presidents said the promotion of human rights represents a fundamental basis for strengthening democracy and the state of law. They reaffirmed the principle of solidarity for the defense of democratic institutions on the continent.

The two presidents stated their satisfaction with the results of the UN Conference on the Environment and Development that took place recently in Rio de Janeiro. The presidents stated their concern for the region's natural resources and environment and noted that strong measures are necessary to safeguard, restore, and develop them.

They said they have decided to promote more intensely trade relations between their two countries. To do this, the corresponding authorities are to analyze, within 60 days, the reasons why trade between their two countries is not more fluid. These authorities will also negotiate trade, based on the export lists the two countries have already prepared.

The presidents noted the economic importance of having a tool capable of facilitating and promoting the trade of manufactured goods. For this reason they stated their interest in having and strengthening this tool. They have ordered their commerce ministers to establish and to implement immediately a program to review and to update the free trade and preferential trade treaties, and to implement mechanisms or measures that should facilitate payment of commercial transactions between the two countries.

They stated their governments' willingness to contribute to the Central American integration process to produce, as soon as possible, an economic community on the isthmus as a means to secure more rapid economic and social development.

The two presidents agreed to coordinate efforts so that the conference on trade and investment in Central America scheduled to take place in San Pedro Sula, Honduras, in February 1993 is most successful. This conference will be sponsored by the Association for Democracy and Development in Central America.

The two heads of state agreed that the next Central American Presidential Summit scheduled to take place in Panama in December should focus on agricultural and forestry development as the foundation for integrated development.

Both presidents reiterated their commitment to seek, with the other Central American countries, solutions that will result in regional benefits relating to problems with banana export restrictions to the European market considering the limitations in attracting revenues brought about by the EEC decision and the effects this decision will have on the economies of the region.

The presidents exchanged opinions on the international coffee market situation. They agreed that to avoid any further decline in the international price of coffee, an international agreement is the most viable alternative to improve the price of coffee on the international market.

Both heads of state emphasized that progress in the pacification of Central America and the climate of peace currently occurring in the region is fully supported by the international community. They also stated their satisfaction with the development of the peace process taking place in the Republic of El Salvador. They highlighted the political willingness demonstrated by those interested in implementing the disarmament program, the demobilization of the irregular forces, and the reorganization of the Armed Forces according to the agreed upon timetables. In addition, they both agreed on the need to execute efficiently a Central American mechanism to prevent and control weapons trafficking in the region.

Presidents Callejas Romera and Endara Galimany reiterated their satisfaction with the ratification of the Tegucigalpa Protocol establishing the Central American Integration System [SICA], which has been implemented by El Salvador, Honduras, and Nicaragua in the hope that the other countries in the region will shortly present this proposal to their appropriate internal branches for approval. They congratulated each other on the installation of the preliminary commission for SICA implementation that took place on 13 July in San Salvador.

Both presidents agreed that drug trafficking is an issue that represents a liability to the health of all countries, as well as the security of each state. They decided to prepare strategies that will allow efficient controls and strengthening of legal mechanisms to lead to the final elimination of this problem.

Finally, President Callejas Romero thanked, in his name as well as his committee, the warm reception and attention extended by the Panamanian Government and people. At the same time, he extended an invitation to President Endara Galimany to visit Honduras whenever it is convenient.

[Issued] City of Panama, 17 July 1992
[Signed] Rafael Leonardo Callejas, president of the Republic of Honduras, and Guillermo Endara Galimany, president of the Republic of Panama.

Political Leader on Constitutional Reforms

PA1807011492 Panama City LA ESTRELLA DE PANAMA in Spanish 17 Jul 92 p A4

[Article by Nils Castro, Democratic Revolutionary Party official and executive secretary of the Permanent Council of Latin American Political Parties]

[Text] **Panama is Losing its Fear. It is Time To Say No With Stature**

Since President George Bush's visit to Panama was frustrated by a people's demonstration, the nation has been the scene of another wave of repression. The local and foreign organizers of the fiasco are the first ones interested in punishing the scapegoats to diminish their responsibility. At the same time, the Legislative Assembly—the majority of which is formed by representatives of political groups sympathetic to the protectorate imposed on the nation—approved a reform "package" to 57 constitutional articles aimed at legalizing the perpetuation of that regime. As a result, the political crisis will continue to deteriorate.

The majority of these reforms, including the privatization law, dispose of regulatory and institutional changes aimed at enforcing a speedy and categorical application of the irrational "structural readjustment" program. The goal of this program is to please the international financial organizations by abolishing the nation's economic sovereignty. This program reflects the government's incoherency highlighted by its incompetence in this field and demonstrated by the accumulation of disastrous results.

The other side of the constitutional reforms complement the above. These decrees abolish the national defense concept itself by eliminating the existence of Panamanian armed forces. In addition, these decrees deprive the nation of the means to comply with the Torrijos-Carter Treaties, whereby it is charged with the evacuation of the foreign military bases and their troops. To summarize, the reforms encourage perpetuation of the presence of the U.S. Armed Forces. U.S. Ambassador Deane Hinton, with his usual lack of tact, came out in defense of the reforms, stating to the media that Panama does not need its own armed forces "because it has friends to defend it." These "friends" have 10,000 soldiers deployed in the nation, from one end to the other (and sustaining the political regime they installed)....

According to the canal treaties, the U.S. soldiers can only undertake actions in the country in coordination with the local Armed Forces. Moreover, it is Panama's obligation to staff itself with a force to replace the foreign soldiers for protection of the canal. Furthermore, the treaties add that if the nation does not have the required institution for this purpose, the foreign forces will remain. It is not in vain that one of the first acts of the bloody U.S. military coup that installed the current government—with the pretext of capturing extraterritorially one single man—was to annihilate that Panamanian institution.

We are now faced with a second coup, aimed at legalizing the results of the first coup, staged by this class of parliamentarians, "alleged" Panamanians, who, by adopting these reforms, sibilantly give up the opportunity to enact laws for the creation of a new national democratic armed forces. This is another discredit to the Legislative Branch that in the past—at least during times of crisis—has acted with honor.

Nevertheless, for these obscene reforms to become law they must be submitted to a referendum. This will take place on 15 November, and in principle offers to the majority of the Panamanians the opportunity to go to the polls and vote "no". The "no" is for the reforms as well as for all that this regime represents. This is the opportunity to vote "no" against the members of this regime and against the consequences of their misrule. This is the ocassion to vote "no" to the traitors and the fools, and "no" to those who have given the nation unemployment and poverty, corruption and degradation, and the unpardonable indignity of a foreign occupation, that those same promoters of these reforms had previously requested.

However, this comes up at a time when the repressive conditions and the so-called "judicial terrorism" grow worse in Panama. Those are the circumstances of preparing for and holding a referendum. Therefore, the effort to recover the fatherland and its democratization through a massive "no" should be preceded by the struggle to create the conditions necessary for legitimizing the referendum, for dignifying the electoral system and preventing fraud, and for having access to all of the media; amnesty for all prisoners and those that are persecuted politically, an end to "judicial terrorism" and other forms of coercion and threat, and the elimination of foreign intervention and meddling.

It is not enough to say "no"; we must watch over the patriotic and democratization quality of that will. Even beyond the sovereign principle that there must be a national armed forces for complying with the canal treaties, there are civilian majority reasons for promoting a "no". The "no" should be a rejection of the lack of government and a defense of the country's heritage and economic sovereignty that the constitutional reforms seek to eliminate.

Argentina

Defense Minister Seeks Military Aid From U.S.

PY2007010692 Buenos Aires BUENOS AIRES HERALD in English 17 Jul 92 p 11

[From the "Argentina in Brief" column]

[Text] (DYN)—Defense Minister Antonio Erman Gonzalez, currently on an official visit to the United States, announced yesterday that the Argentine government had requested military aid from the US and announced that Argentina needed a 300 million-dollar World Bank credit to reform companies currently controlled by Army. According to official Defense Ministry information Gonzalez said that "we are negotiating two or three helicopters for the Army to use as support for the population in case of emergencies." But an international news agency present at the conference said that Argentina had requested from the US "radars and equipment to fight guerrilla activities and the drug-trafficking." The agency stated that Gonzalez said at a press conference that he was negotiating for "two or three helicopters, an oil tanker, a patrol boat" and a vessel with special equipment to fight guerrilla activities near Argentine border.

Mercosur Protocol Officially Recognized

PY1707190092 Buenos Aires TELAM in Spanish 1618 GMT 14 Jul 92

[Summary] Buenos Aires, 14 Jul (TELAM)—The government today issued Decree No. 1124/92 officially recognizing the Protocol of Brasilia for the solution of controversies among the member countries of the Mercosur [Common Market of the South]. The government has likewise issued Resolution No. 829/92, approving the norms for the transit of merchandise by railway between Argentina, Brazil, Uruguay, and Paraguay with a single form that also will serve as a cargo manifesto.

Labor Confederation Calls Off General Strike

PY2007011092 Buenos Aires BUENOS AIRES HERALD in English 18 Jul 92 p 1

[Text] (NA-DYN)—The General Labour Confederation (CGT) yesterday lifted the first general strike called against the three- year-old government of President Carlos Menem after signing a truce agreement granting significant concessions to workers.

Topping the list of gains achieved by the trade unions after marathon negotiations was the flexibilization of wage-bargaining through a new mechanism allowing pay hikes based on factors other than strictly company productivity.

The government also promised an immediate pension hike for retired workers and agreed to modify the social security system by giving control of sector funds back to the trade unions.

The agreement was signed last night in Government House by the five CGT secretaries general led by interim chief Oscar Lescano and Ministers Domingo Cavallo (Economy), Rodolfo Diaz (Labour), Julio Cesar Araoz (Health) and Presidential Chief of Staff Eduardo Bauza.

The state officials agreed to send Congress a bill authorizing pay hikes linked to criteria other than strictly company productivity levels, thus contradicting the decree which pegged wages to productivity in April 1991 at the launch of the economic convertibility plan.

The controversial decree, however, will not be scrapped, according to Lescano.

The wage bill due to be submitted to Congress will "contemplate the interest of social sectors and respect the essential principles" of collective wage bargaining in order for workers and management to "negotiate wages within the framework of stability."

As for the social welfare system, Lescano said that while the state will continue to collect contributions the unions will once again be able to monitor the distribution of funds.

Ortega Asks Menem To Release Terrorists

PY1707231392 Madrid EFE in Spanish 1317 GMT 16 Jul 92

[Text] Buenos Aires, 16 Jul (EFE)—According to the Buenos Aires daily EL CRONISTA today, a few weeks ago General Humberto Ortega, head of the Nicaraguan Sandinist People's Army, asked Argentine President Carlos Menem to release the terrorists who in January 1989 attacked a barracks in the outskirts of Buenos Aires.

EL CRONISTA reports that Ortega intended to help the members of the leftist All for the Fatherland Movement (MTP) who were arrested at "La Tablada" Regiment, which was recovered by Argentine Army forces after fierce combat which resulted in 40 dead, most of them rebels.

EL CRONISTA states that the request, made by the brother of Daniel Ortega, former Nicaraguan president and Sandinist leader, was made to Menem during a private meeting held last June in Rio de Janeiro, on the last day of the Earth Summit.

On that occasion Humberto Ortega said that in his country he was "receiving increasing pressure to request the pardon of those who participated in the La Tablada incidents."

According to the press report, the Nicaraguan military man said: "Mr. President, I warn you not to be surprised if in the next few weeks our government makes this request, or if it submits the request to some international organization."

The daily stated that Menem categorically rejected the suggestion, and warned that if the request were made, Argentina would demand that Nicaragua extradite terrorist Enrique Haroldo Gorriaron Merlo, who is believed to have headed the terrorist attack.

The article goes on to say that Menem commented on the meeting to some of his aides, who were consulted by the newspaper and confirmed the version.

After the "La Tablada" incident, Gorriaron Merlo became the individual most sought for by Argentine courts, but his extradition was never requested because his whereabouts were unknown, although recent government reports state that he might be in Brazil or Bolivia.

The main MTP leaders were killed, wounded, or arrested during the operations carried out by the Army to recover the barracks that had been occupied by a group of terrorists.

The arrested individuals were subject to an oral and public trial that ended with severe sentences for all of them.

The information on the alleged negotiations by the Sandinist leader is revealed during a time when rumors about the possible replacement of Humberto Ortega, due to pressure exerted by U.S. congressmen, is gaining strength.

Last Thursday, 9 July, his brother warned that allowing such a possibility would mean a "suicide policy," which President Violeta Chamorro "must not allow."

The former Nicaraguan president warned that "those who are demanding General Ortega's head are placing their own heads at stake."

Former Slovenian Prime Minister Visits

PY1707215792 Buenos Aires LA PRENSA in Spanish 16 Jul 92 p 14

[Text] Before returning to his country, former Slovenian Prime Minister Lojze Peterle, one of the main protagonists of the Slovenian liberation process after a lengthy communist dominion and current head of the Slovenian Christian Democratic Party, visited the LA PRENSA editing hall with his former culture minister, writer Andrej Capuder, who attended the First Conference of Slovenian Culture held recently at the San Martin municipal theater. They were also accompanied by Tine Vivod and Jernej Dobovsek, president and vice president of the United Slovenian Association, which represents the Slovenian community in Argentina, and the visitors' wives.

Mr. Vivod translated the for the former prime minister when we asked him whether his trip had other objectives besides their participation in the said conference.

He answered: I wanted to meet Argentines, and I wanted to contact some political personalities. Argentina was one of the first countries of the world to recognize our independence, and I felt an obligation to express our gratitude. A few hours before leaving I will meet with President Menem, and also with San Isidro Mayor Melchor Posse, because a year ago he actively participated in demonstrations in support of the Slovenian cause. I have already met the mayors of the towns where Slovenian communities live, and with some congressmen.

Mr. Peterle reported that the Slovenian Republic has 20,000 square kilometers and 2 million inhabitants. "Indeed there are 40 countries smaller than ours. Main activities include the mechanical, electrical, pharmaceutical, textile, and shoe industries, and the annual per capita income is $5,000."

When asked about the current situation in his country, he said that with the withdrawal of the Yugoslavian Armed Forces the situation is calm. He said: "We have achieved two very important things: world recognition of our independence, and our entry into the United Nations. Now we are facing the reconversion of a socialist state into a state of democratic nature, with the implications this will have in the political and economic areas. We hope for a privatization process, the streamlining of banks, and rapprochement with the EEC. The new Constitution has already been approved, and many new laws were passed. We are rebuilding and creating new industries. However, we are still suffering the effects of socialism. The new elections, to be held in October, are very important for us."

"There is still a parliament of a socialist nature, and until that situation is changed there will be no democratic life in Slovenia. Right now the parliament is made up of three chambers which are equivalent to each other, and if one does not agree with a law, the others cannot do anything—that is, the minority group has the final word. We have to change that system. There are 240 legislators, too many for us. We want to have 90 deputies and 40 senators. There is a socialist party, of the left, but it has very few votes. I am certain that those of the center-right will win in the October elections."

Does the war between Serbians and Croatians affect Slovenia?

Yes, it affects Slovenia economically. Besides, in many places in the world, the idea that Slovenia is still part of the conflict remains. It was in the beginning, but for a short period of time. Today Slovenia lives in peace.

We then asked some questions of former Culture Minister (Andrej Capuder), but without a translator, because he speaks Spanish very well. We asked him: How do you come to speak Spanish so well?

Because I am an expert in Roman philosophy, and I speak the Romance languages: French, Italian, and Spanish. I teach this at the University of Ljubljana, which is the capital of Slovenia, a town with 300,000 inhabitants with an intensive cultural life. We have two

universities with 30,000 students, a complete network of medium- and higher-level schools, an Academy of Sciences, a National Opera, and 10 theaters.

Andrej Capuder is a novelist, author of *Rhapsody 20* ["Fapsodia 20"]and *The Quest for the Other* ["La busqueda del otro"] which he characterizes as reports on a new realism, with psychological elements and a marked interest for the fate of the individual within the framework of his country's fate. He said that one of the greatest satisfactions of this trip was that of having met Ernesto Sabato, a writer whom he admires ("more than Borges, each one has his own taste," he said) and whose novel *About Heroes and Graves* ["Sobre heroes y tumbas"] he translated.

He concluded by saying that in Slovenia there are 30 publishing houses that publish some 2,000 books per year, and where many works are translated; among the Latin American authors with great success among young readers there are Garcia Marquez, Carlos Fuentes, Vargas Llosa, Neruda, Jorge Amado, Sabato, and Borges. Some of them have had great influence on current Slovenian literature.

Bolivia

Troops To Be Expelled If Holding Maneuvers

PY1707192892 Madrid EFE in Spanish 1811 GMT 17 Jul 92

[Excerpts] La Paz, 17 Jul (EFE)—Vice President Luis Ossio Sanjines has stated that the U.S. troops in northern Bolivia will be expelled from the country if it is confirmed that they are carrying out training maneuvers.

The presence of troops from "Task Force 37" [preceding two words in English] of the U.S. Army Corps of Engineers since the beginning of June in the central region of El Beni has caused great apprehension in the Amazon districts in northern Bolivia, and this conflict has reached the national Congress.

The decision by Senate Antinarcotics Commission Chairman Lorgio Rivera to question the ministers of foreign affairs, interior, and defense "for not watching closely over what is happening in our country," is added to the expulsion warnings made by the vice president.

Parties opposed to the government have requested an emergency meeting of the congressional commission within the next few days.

Denunciations over the alleged construction of a U.S. military base in Santa Ana del Yacuma, which until last year was the refuge of drug traffickers, and of a presumed toxic waste dump were ruled out by a congressional delegation that visited the place on 15-16 July. [passage omitted]

Ossio Sanjines said: "If it is obvious that they are troops who came to carry out military maneuvers, they must leave the country because Congress only granted permission for community actions."

In remarks to the local press, Armed Forces Commander in Chief General Oscar Vargas denied the reported military maneuvers.

"We have not seen the military maneuvers," Vargas said, and added: "We have to take them from a reasonable point of view; the loading of an airplane, transporting, and retransporting is an engineering-type of exercise for those troops, but military exercises do not exist."

Referring to the air transport to Santa Ana del Yacuma of more than 100 tonnes of "mysterious cargo" that annoyed the local people, Gen. Vargas explained: "It was engineering equipment because the U.S. people like to eat and drink well, and if they are not comfortable, they do not work well." [passage omitted]

'Surrender' to DEA Activities Criticized

PY1707135492 La Paz Radio Fides Network in Spanish 1100 GMT 17 Jul 92

[Text] [Begin live relay from Cochabamba] [Correspondent Edwin Vallon Avalos] For the first time in quite a while the Departmental Labor Federation staged a noisy protest against the national government's policy of surrender to the United States. The various speakers harshly scored the compliance of the Patriotic Accord administration toward the United States. Representatives of Lloyd Bolivian Airline workers, health workers, and coca farmers said the current administration was one of the most servile in Bolivian history.

High-ranking leaders of the Socialist Party-1 [PS-1] also met in Cochabamba. Jorge Justiniano told this correspondent that the international airport of Santa Cruz de la Sierra has become a U.S. military base.

[Justiniano] The Santa Cruz airport has become a U.S. military base where huge U.S. planes are landing every day carrying God knows what. The government says that they are bringing in foodstuffs, but whatever they are bringing is being taken in large quantities to Trinidad every day.

[Vallon] No one says anything about this and, worst of all, the Bolivian Government is on its knees before its U.S. counterpart, according to Jorge Justiniano, one of the top PS-1 leaders. [end relay]

[Correspondent Edgar Mancilla Plaza from Sucre; live relay] Supreme Court justices will demand the extradition of U.S. DEA agents. Supreme Court Justice Edgar Rosales Lijeron has stated that he personally will ask the national executive branch to extradite DEA agents (Jesus Gutierrez) and (Bryan Donaldson), who have violated Bolivian laws.

Rosales Lijeron emphasized that the United States will have to extradite the two DEA agents to reciprocate for

the extradition of Asunta Roca Suarez and in strict compliance with the extradition treaty and the Vienna Convention of 1988.

Rosales Lijeron said that the United States must comply with the extradition treaty and the convention because they have not been signed to benefit the United States alone. He added that if the United States pays no heed to this demand by the Bolivian Government, never again will he vote for the extradition of any Bolivian citizen, even if that citizen is guilty of the worst crime in the criminal law code. [end relay]

Thank you, Edgar Mancilla from Radio Loyola in Sucre. We fully agree that the extradition of the two DEA agents must be requested because laws are not written to benefit anyone in particular, but to make sure that justice will prevail. The Americans would merely get a taste of their own medicine. Let us see what happens. We have our doubts because the Americans stick strongly to the law whenever it is on their side, but whenever that is not the case they look the other way.

[Unidentified correspondent from Santa Ana de Yacuma; live relay] According to Senator Hans Dellien Salazar, in light of permanent outrages perpetrated by UMOPAR [Rural Area Police Patrol Unit] and DEA agents against the civilian population of Beni Department and other parts of the country, the Senate's Narcotics and Drug Addiction Committee will submit to Congress a bill proposing a new legal framework for drug enforcement activities. This new legal framework will be directed at preventing raids against civilians who have nothing to do with illegal drug trafficking. The senator was commenting on the two agencies' drug enforcement activities.

The senator, who visited Santa Ana de Yacuma on 15 July, said the drug enforcement units operating in Beni Department frequently perpetrate outrages against civilians who have nothing to do with drug trafficking. He added that this attitude is what the people of Beni, in general, and Santa Ana de Yacuma denounce in particular since it continues to be regarded as a drug- traffickers town.

The senator emphasized that he is very concerned about the situation and promised that steps will be taken immediately to submit the aforementioned bill to Congress in order to regulate the activities of drug enforcement agents and to prevent the outrages that are being reported every day. [end relay]

Brazil

Collor's Message on 'Covenant of Hatred'

PY1707233492 Rio de Janeiro O GLOBO in Portuguese 17 Jul 92 p 4

[Excerpts] Brasilia—President Fernando Collor yesterday wrote his 12th message, which he used to protest against what he called disrespect for human rights during the questioning of his secretary, Ana Acioli. The message, which was sent to spokesman Pedro Luiz Rodrigues, conveyed a message to the opposition lawmakers of the CPI [Congressional Investigating Committee], which is looking into the Paulo Cesar Farias affair. The president charged that there is a "covenant of hatred," which is reportedly the offspring of the "coupist syndicate." [passage omitted]

The 12th Message

Pedro Luiz:

When I expressed my disagreement with the unacceptable treatment that, according to the information that I received, some members of the CPI gave to some humble and defenseless people, I did not put the blame on everyone. I was only pinpointing the cruelty of the process.

We all know who is really to blame. It is those for whom human rights are nothing but an electoral banner, those who—instead of respecting such rights—neglect them and turn a deaf ear to the simple principles of human solidarity.

Democracy must defend itself not only from the coupist syndicate, but also from the syndicate's offspring: the covenant of hatred. They are twins. They use the same technique, and they have the same partners.

CPI Rejects Criticism

PY1707124292 Rio de Janeiro O GLOBO in Portuguese 16 Jul 92 p 5

[All quotation marks as published]

[Excerpts] Brasilia—In an official note, the CPI [Congressional Investigating Committee] has rejected the criticism received from the president of the Republic. This attitude was taken based on the testimony of Ana Acioli, who, as opposed to what President Collor said in his note, praised the treatment she received during her testimony on 14 July. [passage omitted]

Benito's Note

Following is the note of deputy and CPI Chairman Benito Gama:

"Having in mind the remarks made by his excellency, Mr. President Fernando Collor, to journalist Pedro Luiz, I am publicly reporting that the Congressional Investigating Committee that I have the honor to chair has acted in a very balanced manner, with seriousness and responsibility, when hearing the testimony as a witness of Mrs. Ana Maria Acioli Gomes in Sao Paulo yesterday. We performed our duty with respect for a human being, as it could not be otherwise, and the CPI heard her testimony, supported by indispensable medical and legal assistance.

"The concerns of the president of the Republic, if there are any, may be for other reasons and not for the CPI's

visit, as attested by Doctors Dalton Chamoni and Wagner Ibrahim, both of whom are Incor [Heart Institute] doctors, as well as by her attorney, Dr. Alvaro Malheiros.

"I am declaring this to the nation as it is my duty, as CPI chairman, of establishing the truth of the events."

Advisors on Tone of Notes

PY1707234292 Rio de Janeiro O GLOBO in Portuguese 17 Jul 92 p 4

[By Helena Chagas and Jorge Bastos Moreno]

[Excerpt] Brasilia—At the request of political advisers who are following the "soft" [preceding word in English] government line, President Collor should be less offensive and should reduce the frequency of his notes, which are aggravating the mood in Congress and annoying the PFL [Liberal Front Party]. After his 15 July note charging the CPI [Congressional Investigating Committee] with being cruel to secretary Ana Acioli, Collor met with Jorge Bornhausen, the government secretary general minister, and with political leaders Humberto Souto, Luiz Eduardo Magalhaes, and Marco Maciel, who briefed him on the negative repercussions of his note—even for CPI President Benito Gama, who is also a PFL leader.

Magalhaes said: I do not disagree with such a means of communication, which can even be good, provided that it does not become a frequent practice, and provided it is not used to cause dissolution.

Collor told the government leaders in Congress that his note describing as inhuman the treatment given to Ana Acioli will especially affect Senator Jose Paulo Bisol (PSB-RS) (Brazilian Socialist Party—Rio Grande do Sul) and Deputy Jose Dirceu (PT-SP) (Workers Party—Sao Paulo).

The government leader in the Senate, Marco Maciel, said: We should not attach major significance to those notes. It was a gesture of solidarity with the secretary, but the president is the one who can interpret its content. [passage omitted]

'Parallel Group' Protecting Collor in PC Case

PY1907033892 Sao Paulo FOLHA DE SAO PAULO in Portuguese 16 Jul 92 Section 1 p 1

[Text] Journalist Thais Oyama reports that the federal police [PF] are convinced that there is a parallel group to the CPI [Congressional Investigating Committee] involved in the PC [Paulo Cesar] Farias case—a parallel group that is acting to prevent the investigations from coming close to President Collor. Inspector Paulo Lacerda, who is conducting the PF work, has said witnesses are being pressed—either personally or by telephone. He said: "There is an action behind the scenes to manipulate those who are coming or should come to testify. This happened when the investigations came close to the Planalto [Palace] or to the Casa da Dinda [the president's house in Brasilia]—in other words when they came close to the figure of the president of the Republic."

The PF gives as an example the abduction of and death threats against a Brasil's Garden employee. This company relandscaped and maintained the Casa da Dinda's gardens. The CPI suspects that the services were paid for by PC Farias.

Parana Governor Roberto Requiao has told the CPI that the "PC scheme" also operates in Parana State, with the support of entrepreneur Jose Carlos Martinez, a former deputy and the PRN [National Reconstruction Party] candidate for the Curitiba mayoralty.

Collor To Sue Former Petrobras President

PY1707132892 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 17 Jul 92

[Text] President Fernando Collor is filing suit against former Petrobras [Brazilian Petroleum Corporation] President Luis Otavio da Mota Veiga. Reporter Lourival Macedo will give us further details on this:

[Begin recording] The suit was filed at the First Criminal Court in Sao Paulo by President Collor's private lawyer, Jose Guilherme Vilela. The suit argues that Veiga's explanations to the federal court concerning his remarks that President Collor is reportedly the source of power of Paulo Cesar Farias, alias PC, were not considered satisfactory.

Presidential Secretary General Marcos Coimbra considered the former Petrobras president's arguments satisfactory. According to the newspaper O GLOBO, Mota Veiga reportedly said that Marcos Coimbra prevented him from alerting President Collor about the irregularities of PC Farias.

Since Mota Veiga denied making those remarks, Marcos Coimbra has asked the court to order the newspaper to publish an errata [preceding word in Latin] on the front page, highlighting it in the same manner as the published material. [end recording]

Lawsuits Against PC Farias Reopened

PY1707185692 Rio de Janeiro O GLOBO in Portuguese 16 Jul 92 p 1

[Text] By order of Attorney General Aristides Junqueira, 12 lawsuits filed by the Bank of Brazil against PC [Paulo Cesar] Farias were reopened yesterday by the federal justice in Alagoas State. In the lawsuits, which were filed in 1989 in the state court, PC Farias is charged with issuing forged documents and promissory notes to banks after receiving cash loans, and after selling diesel oil tractors as alcohol tractors. In the next few days PC Farias is expected to be accused of swindling and sentenced to five to 60 years in prison.

Businessmen Voice Support for President Collor

PY1707123692 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 16 Jul 92 p 1

[Text] Major businessmen have changed their stance and, for the first time since the Paulo Cesar Farias affair began, they voiced their support for President Collor, during a breakfast in Brasilia on 15 July. Mario Amato, president of the Sao Paulo State Federation of Industries, said: "The time has arrived for a speech of solidarity." The 36 businessmen attending the breakfast said they will comply with Collor's request for support of the fiscal reform.

Franco Denounces Government Opponents

PY1707210992 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 17 Jul 92 p 10

[By Eliane Cantanhede]

[Excerpt] Brasilia—Vice President Itamar Franco yesterday denounced the fact that government members have tried to pressure his former wife, journalist Ana Luiza, with whom he has two daughters, to reveal discrediting aspects of his personal life or possible illegal actions he could have made during his public life. "Scoundrels, Rascals" the always discreet but now irritated vice president said. He added that he has received accusations against the government, including evidence, but he will not reveal them "for ethical reasons."

He guaranteed that he was not warned, much less consulted, about the use in PRN [National Reconstruction Party] campaign propaganda of recordings of nurse Miriam Cordeiro, former girlfriend and mother of the illegitimate daughter of the then presidential candidate of the Workers Party, Lula da Silva. Nearly three years after the incident, Itamar Franco criticized: "I have never and would never approve that."

In his office at the annex building of Planalto Palace, the vice president said yesterday that in addition to the attempt to pressure his former wife, government members are also investigating his accounts, including those of Juiz de Fora, where he has been mayor, where he has his electoral base, and where he maintains friendship ties and businesses. "There are people who think that I am capable of plotting against the president of the Republic, but that is an infamy, a slander," he said. "I will not allow threats to affect my daily life. To find what? For what purpose?

"I will not allow my opponents to rewrite my biography," Itamar said, explaining why he has now begun to make statements after remaining silent during the first two and a half years of government. "I have clearly identified them; they belong to the government."

"I have no debts with the Bank of Brazil or with the Federal Savings Bank," the vice president said. "I have been a senator for 16 years, and I do not have a single radio or television station concession," he added. [passage omitted]

* Accord With EEC To Broaden Cooperation

92SM0480A Sao Paulo GAZETA MERCANTIL in Portuguese 13-15 Jun 92 p 3

[Article by Rio correspondent Jose Casado, with additional material by Nora Gonzalez]

[Text] Brazil and the EEC will, on 29 June in Brasilia, sign the broadest international cooperation agreement allowed by their respective bodies of legislation.

It encompasses everything from a system of trade preferences for Brazilian products exported to the EEC, to rules for transfer of technology, associations between private and state-owned companies in the two markets, joint research in nuclear energy, and financing for farm programs, urban development, environmental protection, and training of technical personnel.

"The impact of this agreement is not supposed to be restricted to the economic realm; it will have a real impact on the general public," said Joao Manuel Durao Barroso, State Secretary of Foreign Affairs and Cooperation of Portugal, who conducted the negotiations with Brazil within the EEC.

Portugal is serving as president of the Council of the European Community until the end of this month. During a conversation this weekend at the Earth Summit in Rio, Portuguese Prime Minister Anibal Cavaco Silva confirmed to President Fernando Collor de Mello that the agreement will be signed in Brasilia on 29 June.

"It is a third-generation framework agreement in terms of cooperation. Once you pass that stage, the only thing left is membership or association in the Community, situations that do not apply to us," said Brazilian Foreign Affairs Minister Celso Lafer. "It is an extremely important landmark in our foreign relations," was the opinion of Minister of the Economy Marcilio Marques Moreira.

The EEC has been signing cooperation accords with developing countries in Latin America and Asia since 1976. The accord signed with Brazil, however, is different—it is much broader in scope.

For example, it contains an expressly political clause conditioning the continuance and further refinement of the accord on respect by the signatory country for international rules on human rights, individual freedom, and democratic principles.

Secretary Durao Barroso, of the Portuguese foreign ministry, noted that the guarantee of democratic normality has become a requirement. The EEC found in it a method to energize the system of international political pressures in cases where this is needed.

"Look, even in Portugal, if this had existed before, we would not have taken so long to achieve democracy," he commented. In Latin America, since the end of last year the EEC has decided to suspend, unilaterally, all forms of cooperation that it had undertaken with two countries—Haiti and Peru, where coups had taken place. Only humanitarian assistance programs remain.

Another new—and important—aspect is that, according to a Council document, under this type of agreement the EEC consents to assume the role of mediator "with international forums where North-South economic problems are debated." Therefore, in addition to economic cooperation, the EEC has decided to include in the agreement specific clauses that call for its "participation and contribution" in areas such as:

- "Efforts at reconstruction or prevention in the event of disaster;
- Cooperation projects in the field of the environment;
- Strengthening of institutions; and
- Pilot experiments for development of new policies toward significantly less-favored strata of the population."

Credit Vetoed

Because of a veto by France, England, and Denmark, it will not be possible to open a line of credit to finance the economic structural adjustment program. Under the accord, however, both state-owned and private Brazilian companies will gain access to facilitated credit from the European Investments Bank.

The range of potential beneficiaries of this agreement with the EEC is proportionate to the breadth of its terms. It goes beyond the economic agents that are usually covered by international cooperation agreements to include states, regions, communities, institutions, and non-governmental organizations.

Likewise, the cooperation context will be very comprehensive in the field of environmental affairs. Particular importance will be attached to solving local problems such as deterioration of the urban environment, overuse of natural resources, increased atmospheric pollution, water pollution, and potential industrial hazards. This effort is parallel to the broader programs, such as conservation of the Amazon rain forest.

The central idea running throughout the text of the accord is that "to lend support to an economy is not, fundamentally, to transfer funds to a country's public sector," Secretary Durao Barroso pointed out.

The signing of this agreement opens many possibilities in different fields. "What happens in practice will depend a lot on the desires and initiative of individuals on both sides, even more than on the governments," Durao Barroso concluded.

[Box, p 3]

Quick Answers On Trade [By Rio correspondent Nora Gonzalez]

The accord the EEC will sign with Brazil follows the pattern of others already concluded with various Latin American countries, especially those signed last year with Argentina and Mexico.

Negotiations between the EEC and the Brazilian Embassy in Brussels began in March of this year, and the talks proceeded quickly, according to Ambassador Ian Boag, chief of the EEC delegation. In order to maintain a satisfactory dialogue and the pace of the contacts, agreement was reached on a mechanism to provide quick answers on commercial questions. So, acording to Boag, consultations in the areas of "dumping," [preceding word in English] for example, or others of a political nature were made informally.

At present, the EEC has similar agreements with more than 100 countries all over the world and is studying the possibilities for such agreements with Eastern Europe. It also plans to sign other similar pacts within Mercosur—the common market that unites Brazil, Argentina, Paraguay, and Uruguay—where it already has an institutional agreement calling for joint efforts and initiation of contacts on cooperation. "We support all attempts at regional integration," said Boag. So far, however, the agreement is still in the talking stage.

"The idea is to reach agreements with almost all of Latin America," said Boag. The "almost" is meant to refer to Peru, among others, because one of the specific conditions for this kind of agreement is that the partnership of the Community is implemented with democracies in Latin America. So, Peru will have to wait.

*** Military Equipment Production Accord With UK**

92SM0480C Sao Paulo GAZETA MERCANTIL in Portuguese 13-15 Jun 92 p 9

[By Brasilia correspondent Judith Mota]

[Text] Brazil and England are going to exchange military equipment production technology. Under an association between Industria de Material Belico do Brasil (Imbel) [War Materiel Industry], Companhia Brasileira de Cartuchos (CBC) [Brazilian Cartridges Co.], and Royal Ordnance (British), a new company, South America Ordnance, was launched on Friday. It will be responsible for managing the activities and marketing.

The principal associates are Imbel and Royal, each with a 49 percent interest. CBC holds the other 2 percent. In the first phase of the agreement, the firms will simply direct their production toward the common interest. Technology transfer will take place during a later stage.

The new company was inaugurated during the demonstration of the "Light Gun" cannon at the Army's training camp in Formosa, Goias State, 100 km from Brasilia. The Light

Gun is manufactured by the British company and will be used by Brazilian artillery units. After almost a year of negotiations with Royal, the Brazilian Army has bought an equipment package appraised unofficially at $4 million. It arrived here in May.

The package includes four Light Guns (at about $400,000 each), some accessories and spare parts, and special training in the use of the equipment. The Brazilian Army is now making a technical evaluation of the equipment to see how it can best be used and adapted to local conditions.

The Light Gun offers some advantages over the American-made cannon used in the 19 Brazilian artillery groups. It is easier to transport (because it is lighter-weight and can be carried aboard a medium-sized helicopter), and it has a longer range. While the American equipment has a range of 9.5 km, the Light Gun can fire as far as 16 km (with normal ammunition) or 21 km (with assisted ammunition).

An advantage especially important to Brazil is that the Light Gun uses 105 mm ammunition, the same as was being used in the American artillery equipment, which is manufactured by CBC.

Chile

Argentine Purchase of 'Air Junk' Criticized

PY1707225692 Madrid EFE in Spanish 1732 GMT 16 Jul 92

[Text] Santiago, 16 Jul (EFE)—The Chilean Radical Party today criticized Argentina's purchase of several dozen U.S. fighters, on the grounds that this operation will encourage an arms race in the region.

Senator Carlos Gonzalez Marquez, president of the Radical Party—a member of the Coalition of Parties for Democracy—termed "deplorable" the purchase of the planes by Argentina, which according to Argentine Defense Minister Antonio Erman Gonzalez, will buy 54 "Skyhawk" fighter-bombers.

"This decision will promote an arms race, a possibility that Latin American countries apparently had already completely ruled out," Gonzalez Marquez said.

Marquez also criticized a Pentagon announcement that the United States might sell the same number of planes to Chile "to maintain air balance" in South America.

He added that the planes are more than 20 years old, that they are technologically obsolete, that they have been discarded by the U.S. Armed Forces, and that "technicians rightly call them air junk."

Gonzalez Marquez said that instead of spending money on arms, Chile and Argentina "greatly need funds for resolving the problems affecting vast groups of their population who live in extreme poverty."

European Investment Bank Offers Credit to Chile

PY1707191292 Santiago Radio Chilena Network in Spanish 1700 GMT 17 Jul 92

[Text] Finance Minister Alejandro Foxley announced in Brussels that Chile will be one of the first countries to obtain a credit from the European Investment Bank, to finance the modernization of the Chilean economy and to improve the standard of living of the Chilean rural and urban population.

After a meeting with European Investment Bank officials, Foxley reported that Chile was invited to explore financing possibilities for specific projects, including infrastructure, roads, ports for economic integration with neighboring countries, and the improvement of our cities' polluted environment.

Foxley said the bank's invitation is due to the success of Chile's democracy and economy, which are helping our country intensify its relations with the rest of the world.

Although we did not come to request financing, it does not mean that we will reject such possibilities, the finance minister said in Brussels today.

* Central Bank Official Defends Current Policy

92SM0483A Santiago LA NACION in Spanish 8 Jun 92 p 16

[Interview with Central Bank Vice President Juan Eduardo Herrera by Carlos Alvarez in Santiago; date not given—first two paragraphs are editorial introduction]

[Text] He is visibly calm. Despite the criticism received from a sector as influential as that of the exporters, Juan Eduardo Herrera, vice president of the Central Bank (married, five children, with experience in the private sector, a University of Chile and Cambridge, England, economist) appears tranquil in a way hard to imagine in an official at an institution as crucial to the national economic task as the currency issuing institution.

He confidently expects that the latest measures adopted to slow the undesired excess of dollars will bear fruit in the coming months, or at the latest, toward the end of the year.

[Alvarez] What is your opinion of the criticism of the management of the exchange rate expressed by these sectors?

[Herrera] I must say that we find it very difficult to understand the criticisms coming from the business sectors, especially those from the representatives of the exporters. The exchange policy the Central Bank has pursued from 1991 to the present has had as one of its goals the protection of the medium- and long-range interests of the exporters. We feel it is very important to maintain the export flow in the Chilean economy. This has been very important in the last 10 years, and we expect that it will continue to be in the future.

[Alvarez] But the criticisms have continued in rather sustained fashion. How can there be such different judgments about something as technical as this matter?

[Herrera] What is happening is that there is a confusion in concepts and a lack of clarity on some subjects. Given the market economy model and the economic system under which Chile is operating, neither the government nor the Central Bank fix the price of the dollar. In this economy, the state bodies do not set prices. What the Central Bank does in the exchange sector is to attempt to alleviate or eliminate the disturbing factors of a speculative or temporary nature that could alter the exchange market and distort the true price of the dollar. This is what we have been doing since the middle of 1991.

[Alvarez] The exporters, represented by Ronald Bown, have said that exports are ceasing to be the focus of the government's economic policy.

[Herrera] That is the type of statement that seems so unjust and so far from reality. The business leaders and Mr. Bown must know that Chile is a part of the world. We have an open economy and one that is increasingly integrated, in its commercial and financial aspects. Some advantages derive from this, but there are also risks which must be faced. We have explained, providing abundant background information, that for more than a year now we have been faced with a very special international phenomenon. I am referring to the existence of an abnormally low interest rate on the North American market, the lowest rate in the past 40 years. This phenomenon, this abnormality on the North American financial market, because of the size of that market, has a whole series of consequences in every hemisphere and in all countries. The money in North American financial circles tends to leave the American market, because the rates it can earn are very low. This produces a heavy flow of capital to other countries, tending to produce a relative abundance of dollars in those economies, and the consequence of this is the revaluation of the local currencies in relation to the dollar. We have dealt with this phenomenon, which is not a permanent thing, by means of the cash reserves. What we are doing is to compensate for these abnormally low rates in order to discourage the influx of such capital and to reduce the abundance of foreign currencies on the exchange market. From the relative point of view, it is practically impossible, if we have an open economy, to eliminate this phenomenon absolutely. To do so we would have to have a closed economy. What can be done is to moderate the phenomenon, to attenuate it. From this point of view, we are relatively satisfied.

[Alvarez] What are the real figures on the revaluation of the peso?

[Herrera] We have some figures that indicate that the actual revaluation of the peso in the early months of 1992, as compared to the average for 1989, has been something like 10 percent. During this same period, the revaluation of the Argentine peso amounted to more than 50 percent and that of the Mexican peso to 18 percent, while the revaluation in Spain and Portugal was about 15 percent. This phenomenon is not limited to America alone, but extends throughout the world. It is important to realize that a substantial portion of the surplus foreign exchange on the exchange market in the early months of the year, according to our information, was the result of financial operations that had their origin in the interest-rate differential.

[Alvarez] But the sources of the criticisms are asking for "structural" rather than "palliative" measures to deal with the problem.

[Herrera] We think it is wrong to voice criticisms without waiting to see the results of the measures adopted. What we are telling the Chilean and foreign businessmen is that the abundance of foreign exchange that has exerted downward pressure on the exchange rate has its origin in factors of a temporary and transitional nature. As a result, the measures we are adopting are also of a temporary and transitional nature. It would be absurd for us to adopt structural measures to deal with a temporary problem. The structural measure we did adopt was the revaluation in January of this year, because there we were dealing with a change that had occurred in the foreign conditions for the Chilean economy over recent years and really needed to be reflected in a revaluation of the peso. This was also true of the reduction in customs rates effected in the middle of 1981. This resolved the structural problems. We are satisfied, and we think that the announcement we have made of the current medium- and long-range foreign-exchange limit set by the Central Bank is proper.

[Alvarez] Will the dollar limit be maintained, or will it, as speculation has it, be eliminated?

[Herrera] We have not contemplated eliminating it, because it appears to us to be a good tool. It allows this market to operate, and it also permits the Central Bank to regulate its functioning.

[Alvarez] You spoke of the cash reserves. In this connection, it must be decided on the 15th of this month whether the measure will be extended, reduced, or maintained. Major enterprises such as Disputada have been saying that this 30 percent also applies to those who are bringing in not short-term dollars, but rather long-term dollars for their investments. Is it possible to establish a mechanism which differentiates between short- and long-term capital?

[Herrera] This is a question that was, in fact, discussed with certain investors. We sympathize with their point of view, but it seemed to us at the time, and still seems now, that differentiation is impossible. This is because capital is all the same color. It is very easy to evade these provisions, to bring in capital as if it were for the long term, to prepay credit, which makes it short-term credit, with no payment into cash reserves. It must also be remembered that for long-term credit, the cash reserve is for the period of one year, not for all of the years.

[Alvarez] Will the cash reserve or provision for some foreign credit be renewed under the same terms? In other words will it be raised to 30 percent?

[Herrera] That is what it is, and it is unlikely to be revised. We have just adopted the decision to increase it, and we have no intention of reviewing this situation. This cash reserve corresponds to the current interest-rate situation, and the reason for this increase was the decline in the interest rates in the United States.

[Alvarez] In order to refute the statements made by the exporters about the dollar, you have said that exports will increase to $10 billion this year, a figure 10 percent higher than that last year. Are these figures being borne out?

[Herrera] I cannot guarantee you that the $10 billion figure will be achieved, but there will be a major increase over the 1991 level. The figures to date, representing the first five months of this year, show an increase in exports of 16 percent over last year. This is very satisfactory, and it confirms our optimistic belief that the export strategy is in full effect and will remain so. Another factor that needs to be considered in this connection is that the minor revaluation of the exchange rate, only 10 percent in the three years between 1989 and 1991, can be reversed by means of improvements and productivity. Any enterprise, engaged in any activity, is constantly making improvements in productivity through the perfecting of productive processes. And these improvements could perfectly well lead to a decline of 10 percent in the exchange rate in three or four years, with increases in productivity of 2 percent per year.

This would make it possible to maintain the same level of profits.

Colombia

Economic Integration Meeting Held With Venezuela

PA1807203092 Caracas Venezolana de Television Network in Spanish 0000 GMT 18 Jul 92

[Report from Santa Fe de Bogota by special correspondents Victor Vilchez, Gerardo Avendano, Pedro Olaya, and Giovanni Deboin]

[Text] Participants in the economic integration ministerial meeting that took place in Santa Fe de Bogota were satisfied with the results. Colombian President Cesar Gaviria Trujillo also took part in the meeting, at which representatives of Colombian and Venezuelan private and government sectors put forth trade proposals.

Colombian and Venezuelan businessmen and government officials analyzed the effects and consequences of the common trade tariff. Both countries had to adopt this bilaterally because of problems that surfaced when Bolivia, Ecuador, and Peru could not agree on its application—at least not until now.

[Begin recording] [Gaviria] What we see with the Colombian and Venezuelan integration process is the huge advantage for trade and how trade between Latin American countries is possible, viable, wealth-producing, and contributes to economic growth.

[Miguel Rodriguez, president of the Venezuelan Foreign Trade Institute] One of the topics that has surfaced during these meetings and in talks with businessmen is that many technical operational trade problems still exist, despite the free trade and tariffs. These need to be resolved.

[Fernando Martinez Mottota, Venezuelan transportation and communications minister] Communications services should contribute to the integration of both countries. One of the conclusions reached at this meeting with President Gaviria is that we must boost communications—a common area that serves to integrate Colombia and Venezuela. [end recording]

This meeting served to show how positive these bilateral agreements are. Everything seems to indicate that trade figures could surpass $1 billion in 1992.

Ecuadoran President-Elect, Gaviria Discuss Trade

PA2007014092 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0030 GMT 19 Jul 92

[Report by Roberto Vargas]

[Text] During Ecuadoran President-Elect Sixto Duran Ballen's visit to Bogota on 19 July, it was agreed to give an extraordinary stimulus to trade between Colombia and Ecuador. Regional integration, narcotrafficking, and the Colombian purchase of electric energy were other topics that were discussed.

Colombian-Ecuadoran trade relations mean that our country will sell the neighboring nation vehicles, construction raw material, plastics, and books. At the same time, Ecuador will offer lumber, canned seafood, chemical products, electric energy, and gasoline.

[Begin Gaviria recording] We plan to develop a new stage in Colombian-Ecuadoran relations. We have no doubt they will be closer and more important in the economic, sociopolitical, and cultural fields. [end recording]

In addition to these new agreements, the Ecuadoran president-elect reaffirmed the commitment to implement the free zone within the Andean Pact.

[Begin Duran recording] Ecuador wants to continue the discussions seeking to make the Andean Pact effective and to open commercial relations with the largest number of countries in the world. [end recording]

In addition to strengthening commercial ties, Colombia and Ecuador will strengthen the antidrug trafficking struggle. To this effect, they will request more assistance from the United States and the EC.

Paraguay

Rodriguez Pledges End to 'Debt Problem'

PY1807214092 Asuncion RPC Television Network in Spanish 1432 GMT 18 Jul 92

[Speech by Paraguayan President Andres Rodriguez at the ceremony opening the Expo-92 fair at the Paraguayan Rural Association site in Mariano Roque Alonso—live]

[Text] Your Excellency Dr. Carlos Saul Menem, president of the Argentine Republic and dear friend, and distinguished entourage; Mr. Roberto Requiao, governor of the Brazilian state of Parana; Mr. Vice Governor of Mato Grosso do Sul State, and entourage; Your Excellencies; Mr. President of the Paraguayan Rural Association; Mr. President of the Paraguayan Industrial Union; ladies and gentlemen:

It is a special pleasure for me to attend the opening of the 11th Livestock, Agriculture, Commercial, and Services International Exhibit and to be able to address the national production groups meeting here, to describe the measures that the national government has been implementing to consolidate a social market economy based on broad dialogue among all sectors of our society.

This unique event today achieves special importance with the presence of my dear friend, Dr. Carlos Saul Menem, president of the sisterly Argentine Republic, [applause] which is a new manifestation of the excellent relations between our peoples and administrations and a confirmation of our political desire to face the future while implementing a process aimed at a definitive integration between Argentines and Paraguayans.

The importance of the production sectors in originating national wealth and creating jobs is known to all. The agricultural and livestock sectors generate 27 percent of our gross domestic product [GDP] and employ 650,000 Paraguayans; at the same time they supply food to the people and raw material to industries. The industrial and construction sectors generate 22 percent of our wealth and employ 330,000 people. Commerce and services contribute with 51 percent of the GDP and employ 460,000 people. The funds promote development and orient investment toward an adequate redistribution of these funds to the sectors with less income and that require more social assistance result which from these activities and from the income they yield to the National Treasure. For this reason, our national administration believes it is a priority to stimulate increased productivity in the livestock, forest, and industrial sectors. This increased productivity must be translated into the achievement—and the transfer to producers—of more technological knowledge; a more effective processing of these riches; better means of transportation; better prices; and better responses to market demands.

Since we took office, we have been implementing a policy aimed at balancing the budget expenses. Despite the significant increase in our spending for social projects, we have adopted a monetary policy aimed at controlling inflation and maintaining and preserving the purchasing power of salaries. It is also aimed at offering the economic agents clear rules that may stimulate the economic activities and create a the atmosphere of confidence that is indispensable to promoting investment and a sense of security regarding the economic process. We have been maintaining a policy of free and fluctuating exchange to discourage speculation in foreign currencies.

The fiscal reform is in full implementation. This reform seeks to stimulate industrialization and exports, promote sustainable livestock and forest production, penalize non-productive land, and strengthen small rural and industrial producers without increasing fiscal pressure. On the contrary, it is succeeding in reducing taxes. We also have been succeeding in stimulating savings and investments, and in having a more fair and effective tax collection system.

The forest industry and livestock sectors have great economic and social importance, because they are the largest source of resources and jobs in the country. However, the development of the livestock sector necessarily requires more technological knowledge before it can yield superior levels of well being. This knowledge will allow the products of the peasants' work to reach the hands of national and international consumers under the best possible conditions, and for more compensatory prices. Only thus will the standard of living of the peasants and producers of primary products improve.

To improve the sale of our products abroad, we must become more competitive—both in the livestock and forest industry sectors, and in the sectors of processing, commercialization, and transportation as well. To this extent the national administration is creating a series of stimulants and is facilitating, to the greatest extent possible, the establishment of ways to obtain capital goods and imports that will allow our products to compete at domestic and international levels. The most important thing, however, is that the implementation of this policy has taken place within the framework of a broad dialogue among all sectors. This again proves that democracy is not an empty word, but thought transformed into action.

Producers and members of the government must daily increase their efforts to prevent extraneous factors which directly affect production and the volume of goods exported from harming the functioning of the Paraguayan economy. We are referring in particular to the climatic conditions which have been unfavorable for the last two years, and to the low international prices being paid for soybean and cotton. For this reason we are orienting our efforts toward new alternative products that can complement those we already produce. We are doing this through the farming and stockbreeding diversification program, which is aimed at increasing the number of exportable products.

To help us implement this program, we put into operation the Pro-Paraguay organization. This organization will complement official and private sector activities, with the objective of increasing Paraguayan exports. In this regard we call on Paraguayan entrepreneurs, and ask them to accompany this effort with the creativity required to ensure our participation in the international market with increasingly more elaborate products. [applause]

My administration will continue to insist on a solution to the problems related to possession and the possibility of possessing land. We also want to improve assistance to and support of small farmers by strengthening their ties with the domestic and international markets. We will do that through the implementation of the program of the Agriculture and Livestock Ministry for stimulating livestock and forest industry development. We will satisfy a need that has been one of our people's old yearnings in creating funds for peasant development, such as support development banks [banco de segundo piso].

We will continue to preserve and stimulate free trade in our country by eliminating unnecessary controls, until we definitively implement a system in which effectiveness and free competition may strengthen our economy. [applause]

The tariffs reform currently being implemented has enormously simplified import methods. In view of this, our country can now be proud of having uniform low tariff and non-tariff barriers, without overlooking the support and protection that our industries deserve in this reconversion stage. [applause]

The policy we implemented for the deregulation of the financial markets calls for continued use of real and positive interest rates, and a minimum number of subsidies. When exceptional circumstances create critical situations—such as the cotton crisis and the need to support the vegetable oil industry—we granted a precise amount in subsidies, and made sure that they were favoring exclusively those who really needed them.

We have begun a process involving the participation of private enterprise in sectors of the economy under government control, and the deregulation of the economy. We have promulgated laws encouraging investment and exports. These laws establish clear rules of the game for national and foreign enterprises, with the same incentives and the same reponsibilities.

The current recession troubling the industrialized nations does not present encouraging signs for capital flow in our economy in the near future. This is a reality that we Paraguayans cannot ignore.

Nevertheless, we can stimulate our development with our own efforts, encouraging domestic investment and promoting financing with national resources. [applause]

The creation and implementation of the capital market will facilitate increasing enterprises' capital through the public supply of securities and shares, and will foster domestic savings operations, the repatriation of capital, and securing foreign investment.

The national government and the entire nation are joining the Mercosur [Common Market of the South] project, an enterprise undertaken during this historic period with promising projections for our development.

The market expansion required by our agricultural and livestock production and by our industries in order to grow and diversify, as well as to incorporate science and technology, which we are still lacking, depends on our regional integration.

Therefore our country is meeting the challenge of seeking a changeover in structures and methods of production on all fronts, ranging from the development of the ability to negotiate with other economic regions, to the state's reorganization and the modernization of the structures and administration of Paraguayan enterprises.

I am pleased to announce that this year my administration will solve the burdensome foreign debt problem that we inherited three years ago. [applause]

We will also conduct negotiations to secure new financing required by our country's private and public sectors, so as to promote new investment opportunities and the expansion of our productive system.

With this sentiment and these wishes all of us, both public and private sectors, are participating in the inauguration of the 11th Livestock, Industry, Agriculture, Commerce, and Services Exhibit and International Fair.

May God and our collective efforts make possible the realization of the hopes of well being, progress, and social justice that our noble Paraguayan nation deserves.

Many thanks. [applause]

PLRA Deputy Warns Against Castro-Type Regime

PY1807124792 Asuncion HOY in Spanish
17 Jul 92 p 6

[Excerpts] In a statement to the media, PLRA [Authentic Radical Liberal Party] Deputy Celso Velazquez has said that "in Paraguay, organizations such as the Workers Party or the Popular Democratic Party (PDP) and their facade peasant organizations, such as the Peasant Federation [Federacion Campesina] and the National Coordinating Board for the Struggle for Land and Housing [Coordinadora nacional de Lucha por la Tierra y la Vivienda], intend to establish a political system similar to the one ruling Cuba."

Velazquez, who heads the Chamber of Deputies' Agrarian Reform Commission, made these charges after receiving a wave of criticisms for denouncing alleged acts of violence by armed groups in the Tavai Borda settlement, San Pedro Department, and the harassment

of peasants who refused to join the leftists headquartered in Cleto Romero and Juan de Mena, in Cordillera. [passage omitted]

Celso Velazquez said: "The people I am accusing and uncovering are desperate, hysterical. They are the ones who organize everything (the occupation of private property). I have documents, lists of the seminars they organize, the subjects discussed, and the political trends they are adopting, and everything indicates that they intend to implement a Cuban regime, in the Castro style, in Paraguay." [passage omitted]

PLRA Leaders Demand Support for Velazquez

PY1807192292 Asuncion HOY in Spanish 18 Jul 92 p 4

[Excerpt] Members of the Authentic Radical Liberal Party (PLRA) in Cleto Romero yesterday deplored the position adopted by the PLRA board headed by Juan Benitez Florentin regarding the charges made by Deputy Celso Velazquez. Deputy Velazquez charged that members of the Popular Democratic Party (PDP) are persecuting all those who oppose their party.

Bernardino Florentin, PLRA grassroots organization chairman; PLRA member Valerio Ferreira; and residents of the "Loma Jhovy" settlement in Cleto Romero visited Congress yesterday to meet with members of the Chamber of Deputies Agrarian Reform Committee. The grassroots leaders demanded, including from PLRA President Benitez Florentin himself, support for Celso Velazquez's position. [passage omitted]

Peru

Political Parties Call Off National Dialogue

PA1807034892 Mexico City NOTIMEX in Spanish 0234 GMT 18 Jul 92

[Text] Lima, 17 Jul (NOTIMEX)—A majority of the political parties which had representation prior to the dissolution of Congress today decided to call off the dialogue with the government, after pointing out that President Alberto Fujimori has lost credibility and worsened the country's social economic problems.

The right-wing Popular Christian Party and Liberty Movement and the Unity of the Left coalition joined an agreement not to accept any invitations from the executive branch, signed by the central right-wing Popular Action Party and the social democratic American Popular Revolutionary Alliance.

The five groups announced in a joint statement that they will report to the OAS "the regime's obstructions, sidestepping, and complications, which do not allow the finding of a solution to the country's political and economic problems."

The document, which was also signed by another six political organizations, states that during the first 100 days since the interruption of democracy, Peru "lives in an atmosphere of great instability, absolute juridical uncertainty, and a lack of confidence."

The parties also said the regime's contradictions have violated the OAS resolutions on the country's situation and on the commitments Fujimori made before that organization.

According to the joint statement, Fujimori "continues to create discontent and division among the Peruvians."

The president summoned the opposition to seek contacts and find agreements, as part of the process of returning to democracy, while he continued his attacks against the parties, which he holds accountable for the "chaos and anarchy the country is experiencing," the statement adds.

The political parties also underscored that the increase in the political violence in the country, in light of the wave of attacks, demonstrates that the "subversive war is growing" and the lack of confidence affects foreign investment.

Shining Path Stages Attacks in Lima

PA2007040692 Madrid EFE in Spanish 0311 GMT 20 Jul 92

[Text] Lima, 19 Jul (EFE)—On 19 July, a factory was burned, two local banks were attacked with explosives, and a passenger bus was burned in different sections of Lima by presumed members of the Maoist Shining Path, police sources have reported.

The attacks on 19 July are part of a terrorist escalation, which intensified on 16 July when a car bomb killed 20 persons, injured 250, and left 1,000 families homeless in the Lima district of Miraflores. This is the fourth consecutive round of violent actions by the Shining Path.

The textile factory that was attacked with fire bombs is located in the San Martin de Porres district, in the northern sector of the Peruvian capital, where there was also an attack against a local bank.

Another bank was attacked in El Rimac, which borders San Martin de Porres. In all cases the damage was considerable. The terrorists burned an urban transportation bus in Los Olivos, in the northern sector of Lima, after passengers were evacuated.

A witness to the attack in El Rimac said the explosive was hurled from a moving vehicle, which also scattered fliers. The fliers called for an "armed strike" (strike under the threat of death) in Lima on 23 and 24 July.

The Maoist band has been announcing an "armed strike" and painting slogans on walls in different parts of this capital since 17 July. Fliers were also issued alluding to the strike during an attack on 19 July in which a policeman was killed and another one injured.

On 17 July, Shining Path exploded a car bomb in Villa El Salvador leaving 500 low-income families homeless.

Shining Path Figure 'The Jackal' Recaptured

PY1807020392 Lima EL COMERCIO in Spanish 9 Jul 92 p A3

[Text] Walter Victor Palacios Sierralta, aka "the Jackal of the Andean Range," one of the most eagerly wanted terrorists of southern Peru and the main Shining Path leader in the area, was recaptured on 7 July while walking calmly in downtown Cuzco.

Palacios Sierralta escaped from Qenqoro Prison three and a half months ago, while serving an 18-year term of imprisonment for the murder of more than 60 people and for his involvement in several attacks.

According to Lima police sources, Palacios Sierralta was captured on El Sol Avenue during the morning, while PNP [Peruvian National Police] personnel were passing by the area. When he was stopped he showed forged papers, and appeared very nervous.

This behavior seemed suspicious to policemen, who decided to take him to the Cuzco Counterterrorist Division (Dincote) headquarters, where after comparing his fingerprints with those in the police files he was identified as "the Jackal of the Andean Range."

It is believed that he was in possession of a notebook with several names (apparently future victims), and several plans and sketches.

Palacios Sierralta's escape from Qenqoro Prison on 24 March 1992 occurred under unclear circumstances which prison and police officials have not yet clarified.

On that occasion EL COMERCIO reported that Palacios Sierralta apparently escaped through tower No. 5, where there was no light but a police guard. A black pullover that belonged to Palaicos Sierralta was found there.

That was the second time that "the Jackal of the Andean Range" escaped from Qenqoro Prison. His first escape took place during the beginning of 1986, while serving a sentence for having murdered civil guard Walter Loayza during an attack on the Sipaspuquio police station in June 1985.

Court To Participate in Constitutional Reform

PY1807031092 Lima EL PERUANO in Spanish 3 Jul 92 p B1

[Text] Yesterday the Supreme Court decided to participate in the talks to be held by the Democratic Constituent Congress (CCD). To this end it has named a judicial branch commission for the constitutional reform, which will be in charge of drawing up a draft bill. The CCD will discuss the judicial branch's new characteristics in a new society, within the framework of a market economy. The following are the members of the commission appointed by the Supreme Court: Luis Ortiz Bernardini, president; and Domingo Garcia Belaunde, Fernando de Trazegnies Granada, Florencio Mixam Mas, Javier Belaunde Lopez de Romana, Juan Monroy Galvez, and Victor Prado Saldarriaga, all of whom are experts in constitutional affairs.

The commission has 90 days to draw up its proposal, which it will then submit for debate to the Supreme Court. The Supreme Court, in turn, will submit it to the CCD once it has been installed and is functioning fully.

The Supreme Court deems it convenient to make its own suggestions on matters which fall under its jurisdiction. It was stated that the new proposal should include a new system for the appointment of judges. This task used to be performed by the National Council of Magistrates, which became politicized and distorted the procedures for the appointment of judges.

Constitutional Committees Open Permanent Session

PY1807030692 Lima EL PERUANO in Spanish 2 Jul 92 p A3

[Text] In order to properly discharge their duties, the 10 subcommittees set up to discuss the constitutional reform have declared a permanent session open in order to study every heading of the constitution.

The order of the items on their agenda is the following: Fundamental Rights and Duties of the Individual; the State and the Nation; Economic System; Structure of the State; Constitutional Guarantees; Procedure for Constitutional Reform; Preamble; Habeas Corpus; Final Provision; and General and Temporary Provisions.

Proposals

Committee members commented on these items yesterday. Manuel Ramirez Lopez, for instance, stated that he was going to advocate a constitution that fulfills the people's expectations, so that duties and rights may be taken on with the same sense of responsibility.

He propounded the establishment of a system of checks and balances for the constitution, coordinated by the judicial branch, "as we should avoid passing laws that can be easily ignored."

On the other hand, Professor Guillermo Ramirez y Berrios, attorney-at-law, proposed that among the top priority reforms that have to be discussed, the appointment of judges must be given preference, so as to guarantee judges' full political independence.

He added that the constitution must provide for the removal of judges by means of ongoing evaluations done by a court of honor made up of eminent jurists.

Jurist Eleazar Bonilla Palacios suggested that the constitution establish a single-chamber parliament to be renewed every three years.

Another proposal he put forward was the establishment of a fourth branch of government, which he called "the

people's power," and which would entail setting up an ongoing system of control by the people, who by means of popular referendum would oversee the other branches and propose alternative solutions in case of crisis.

Subcommittees are slated to start discussion on the "National System of Oversight" at 0800, while committees which will propose guidelines for pacification are to begin their discussions in the afternoon.

Venezuela

President Perez Addresses Fedecamaras Assembly

PA1907032492 Caracas Venezolana de Television Network in Spanish 1917 GMT 18 Jul 92

[Speech by President Carlos Andres Perez at the 48th Assembly of the Venezuelan Federation of Associations and Chambers of Commerce and Industry, Fedecamaras, in Puerto Ordaz in Bolivar State—live]

[Text] Messrs. businessmen and Venezuelans:

This 48th Assembly of Fedecamaras [Venezuelan Federation of Associations and Chambers of Commerce and Industry] takes place amid an extremely complicated, as well as promising, situation.

I am a man who characteristically talks frankly and directly. I believe this is the style the country demands from its leaders. It is with this disposition that I address the closing of the Fedecamaras Assembly. Traditionally, heads of state attend this event because it is an opportunity to emphasize the government's willingness to discuss and reach understandings with all the nation's sectors.

I am the first to admit we have difficulties because I am the one who has suffered from its stormy strength. I do not deny and am not insensitive to the accumulation of extraordinary difficulties endured by many sectors in the country, such as the capital and labor sectors, and other vocal groups. One thing, however, has to be absolutely and radically clear and that is why I repeat it insistently: The difficulties we are confronting now did not start with my government. The problems blamed on my government are the result of the corrective policies we have started to implement. I do not evade my responsibilities, but it is necessary to clarify any confusion. No one can ignore that my government has started the most thorough and expedient economic, political, institutional, and social reforms ever proposed to this nation in this century. I am not only referring to the country's democratic period, but also to the tough despotic periods, which some people seem to forget. I know, of course, that I have not been exempt from errors and mistakes. I know, however, that when this period is viewed objectively by history, the depth and consistent importance of this government's unique actions will be apparent.

On 5 July, from the Elliptical Room of the National Palace, I said we cannot be given all the credit for these actions, but they should be shared by everyone who has struggled to further reforms in the Venezuelan society. When everything is considered—and so many selfish interests have interfered in these actions—the business sector will have to admit that its standards, which have been carried forth by the legitimate representatives of the country's productive sector, served as a source of inspiration for many government measures to stimulate a new attitude geared to production, productivity, and competition. [coughs]

I would like to highlight one example of the work done by my government, which interested parties have tried to distort in an attempt to push it into oblivion: The restoration of the economic guarantees established in Article 96 of the Constitution. My government kept the promise made to you during the electoral campaign. I do not say this to ask for praise or acclaim. I do so because the country requires that we recognize it has the capacity to change. We will strengthen our ability to struggle and we will recover the moral fortitude required to confront harsh difficulties when Venezuelans realize our capabilities and unselfishly admit our accomplishments.

Although they are facing difficult moments, as all Venezuelans are, businessmen now enjoy the best conditions to develop prosperous economic activity. One of the signs of what is happening in Venezuela is the ample exercise of freedom prevailing in our society.

Paradoxically, the government is being attacked more than ever before in Venezuelan history. The president of the Republic is the target of all kinds of attacks, specifically because traditional mechanisms the state could use to stop these attacks no longer exist.

I do not say this as a complaint or accusation. Venezuela is experiencing the most formidable transformation and you—the large-, middle-, and small-scale businessmen, the government, and a great majority of the country—are real protagonists of this change. We have also seen how certain businessmen have displayed a virulent attitude toward the process; some because they do not understand it and others because their particular interests or secular privileges were affected.

This was an inevitable process, which has created struggles and confrontations. Some businessmen, who have failed to understand the situation, are demanding that the government fix certain prices to guarantee their benefits. Others want protection from imports or a devaluation through the exchange rate.

These positions show two things: First, that not everyone has realized clearly that policies established under pressure no longer exist. Second, that some people want freedom, openness, and competitiveness only from a theoretical viewpoint, but refuse to face the practical risks that they entail. Also, certain businessmen like to

participate in politics. This is a normal occurrence in developed societies where businessmen aspire to compete in the political arena.

Crises, as you know, create both conflicts and opportunities. We have profoundly experienced the conflicts, but we have not yet thoroughly explored the opportunities offered by the conflict.

It is significant that this 48th Fedecamaras Assembly—as we heard its president explain in a simple and convincing speech—coincided with a call by important political sectors to establish a national agreement, and we are willing to support that call as an expression of a great consensus.

It is absolutely necessary that business assumes the fundamental role of economic growth. This policy we have designed and applied—running the risk of facing misunderstandings—was developed so business will assume the stellar role competitiveness and expansion assigns to it. Many do so. Others are still governed by fear or wish to maintain the former style of relations with the public sector.

It has been demonstrated that extensive and disorganized state participation in the economy is inefficient. It has resulted in wasted resources and has deformed economic processes, making them unproductive. We must admit that the government promoted distorted roles, not only among the political organizations, but among business associations, and this turned us into agents who promoted a welfare culture. This led Venezuelan society to live off what the state could distribute in the form of subsidies, preferential currency exchanges, investment or purchase contracts, administered credits, public posts, and any kind of privilege or dispensation of the kinds that have fostered corruption and influence peddling.

Behind that fiction of wealth and bonanza are the drop in quality and coverage of education, deteriorated attention to health, insecurity and squandering of fiscal resources, insufficient supplies, unproductiveness, lack of investment, stagnation, unemployment, inability to export, flight of capital, and a crisis in the balance of payments. Such difficulties were accompanied by the progressive collapse of public services and the resulting deterioration of the institutional political system. This circumstance was accentuated when democratic society matured and raised its voice of demand and protest. That scenario vanished. The welfare culture is a thing of the past, simply because there is no more room for it.

Ten years ago we received $1,800 of oil income per capita. Currently, we receive barely $40 per capita, while economic and social needs have multiplied. This is our drama. We have become poorer and have not wanted to admit it. Our fiscal income has dropped to less than one-fourth of what it was 10 years ago. Our people are too good and have had more than enough patience to endure this catastrophe with relative stoicism. Those who do not know or understand this terrible conflict of Venezuela's economic structure are ignorant. I will not be the one to say that responsibility for the country's problems excludes those who have directed and direct society. Even if our work had been perfect—which it has not been—nothing would have saved us from the drama of the spectacular deterioration of the country's revenue, measured in magnitudes per inhabitant. It is demagogic, insincere, and opportunist to accuse the state of a structural deterioration. The only thing the Venezuelan political leadership can be accused of is not realizing these circumstances and not acting when the situation was perceived. My government has done so.

My government has taken the risk and accepted the consequences and I, personally, as the people's leader, have had to pay the cost of our actions.

We have to confront this reality. We cannot continue to yearn for the past. The government's efforts are geared to finding a road that will lead us to prosperity with our petroleum without the revenues it previously generated. The state can no longer impose inflexible requirements. The true leaders in the country's economic life are the businessmen, the workers, and the consumers.

During the past three years, we have had to confront a crisis situation and the only possible solution is to end our artificial lifestyle. We had to confront the political cost of informing the country that 60 years of the petroleum boom ended. We had to inform the country that development and lasting well-being are only attained with everybody's efforts and that true wealth comes only to nations that work in a productive and creative manner.

We are exchanging excessive state intervention for private competition. Leadership in the field of investment corresponds to the private business sector. In this relay race, we have passed the torch to you so you can head the country's growth process. The economic program, which we have promoted despite all the difficulties and unpleasantness, is imperative due to the circumstances.

The state has been economically drained by the load it has assumed to propose solutions. In the welfare society Venezuela used to be, the state was the depository of all demands and the source of all answers. Society was organized to make demands and the state was organized to give solutions. Thus, the structure of our society was based on subsidies and protectionism. If we were to study the term corruption objectively, we would notice that many things that are stigmatized today are based on the way our society and state were organized: Some people extended their hands without needing to and others filled those hands without any justification. What should we do with the entire system? Should we put on trial everybody in the public and private sectors who have participated in it? Is this what Venezuela needs? Is it not true that what we should put on trial is the entire organizational system of the public and private sectors because it made possible the bleeding we all know about? Do not imagine that my words hide complicity. They,

however, do warn against the false morality that has been proffered. Ill-intentioned voices have attempted to distort public opinion with absurd fanatical ideas. Behind these deviate shadows are a few, not many, people—although some names and personalities have surprised us—who have attempted to stimulate the temptation of a populist militarism, which they infamously call a Bolivarian movement, in collusion with extremist groups.

Fortunately, you, the businessmen, have recognized the need to incorporate yourselves into the construction of a modern private economy spearheaded by larger investments in the development of human capital and greater active integration between companies and society within a more participative democracy.

The days when businessmen had to wait until the government acted to know what they could expect are over. Paternalism and influence peddling are a thing of the past, and all of us, assembly participants, must continue to help ensure they will disappear definitely from Venezuelan public life.

Venezuelan society is experiencing a modernization phase. The adopted policy has managed to create conditions favoring a healthy and sustainable growth. Measures were adopted to establish a uniform exchange rate, interest rates were allowed to float bringing them to real and positive levels, prices of goods and services produced by the state were updated, controls on internal prices were reduced, a trade policy eliminating bans and reduced tariffs was implemented, our credit standing abroad was normalized, and our foreign debt situation improved. We started structural reform to open the economy, trade, and foreign investment, and reorganize the public sector by eliminating interference in the private sector.

The most encouraging results of this agenda are reflected in the strong position of our international reserves, increasingly larger and diverse supply of goods and service, lower unemployment, growing inflow of national and international private investments, and access to international capital markets.

Some business sectors complain an atmosphere discouraging investment and production prevails. Nothing could be further from the truth if we recognize—despite the negative impact the political decomposition could be generating—that the economy is performing in such a way that we predict GNP will grow by 5 percent in 1992.

First trimester indicators show increases in retail sales, purchase of raw materials for construction, and foreign investments in the country. The unemployment rate continues to drop and estimates indicate it will stand at 8 percent, and the industrial sector saw its work capacity grow from 57 to 61 percent.

I must underscore the important effects on the private economic sector of a significant increase in the activity of the petroleum industry during my government. The high degree of integration between this industry and the national productive apparatus created a multiplier effect on the activity of other areas of the economy. This process is not the product of chance, but a policy that has allowed national producers to maintain structural ties with the most dynamic sector of the Venezuelan economy. This is not post-petroleum Venezuela, but post-welfare Venezuela.

In social aspects, we have centered our efforts in protecting the most vulnerable social groups with special direct subsidy programs, by extending the microenterprise programs, and by restructuring the Venezuelan Social Security Institute. A massive investment program is under way to reconstruct and expand the water, sanitation, electricity, and educational infrastructure services, which are part of the great social project that has been awaiting approval by the National Congress for over four months.

Politically-speaking, progress has been slower, unfortunately, in view of the wide gap between the demand for participation justifiably made by society and the real existing opportunities. The direct election of governors and mayors, the transfer of administrative competence to regional entities, and the unstoppable progress of the proposed direct vote [voto uninominal] are a response to the people's demands. I have been and will continue to be a staunch proponent of democratic reforms, which get to the root of the problems that affect our society and in the adequate functioning of the civil and public institutions on which authentic credibility in democracy depend. Not only does this affect us in Venezuela, but also in Latin America and worldwide, where the weakening of democratic institutions and growing discredit of legislatures are observed.

Democracy must be made more participative. It is necessary to face courageously the functioning of the parties and the Congress, and to accept the direct vote without subjugation and neglecting a mechanism to represent the minorities. Democracy requires strong political parties and efficient parliaments. Democratic society firmly demands on an independent judicial branch, which does not allow party influences.

There are strong hopes that the constitutional reforms will contain structural changes that will contribute seriously to improve the democratic institutions, to strengthen real democracy, and to achieve the indispensable incorporation of the direct vote. Venezuela's problem is not the constitutional reforms. I have said this and I maintain it. We must not create the expectation that the solution of our problems lies in reforming an imperfect Constitution. Our problems have to do with the necessity of making many changes and having a mature society to be able to secure them. Many want changes, but many complain when it involves them. That is the nature of human beings. The constitutional reforms are an extraordinary opportunity to update the essential elements of our institutional architecture and the physiology of public power [fisiologia del poder

publico], above all in conditions that require, as I already said, an aggressive strengthening of the judicial branch, a modernizing action of the executive branch, and a vigorous development of the decentralization we have initiated.

It has been proposed, and it has also been stated here, that we speed up privatization, that we reorganize public institutions to eliminate inefficiency, that we redirect public spending to those things for which the government is responsible, that we reform the financial system to ensure competition and adequate liquidity in the economy, that we reform the labor market's legal framework to balance negotiations between management and workers, that we reform the national health system and our educational institutions to further worker training, and that we reform the fiscal laws to ensure that the government properly manages the budget.

The country as a whole has to be involved in this effort. The media and opinion makers such as unions, business organizations, specialists, churches, academies, and universities have to contribute to this effort. All of society must be informed. We must fully explain the main law reforms. There are three main reforms:

Labor reforms will adapt the law to the new economic realities and will strengthen and modernize its institutions, without impairing attained rights.

Financial reforms will enable the capital market to expand and be more clear and will give autonomy to the Central Bank of Venezuela.

Finally, government reforms will allow it to be financially feasible, will provide new sources of fiscal revenue, and will reduce its sphere of action and its level of public spending by setting legal limitations to hinder deficits.

I want to highlight two new draft bills that are extremely important and urgent: the general sales tax law and the business assets tax law. The implementation of the general sales tax is based on logic and our capacity to exercise more self-control.

Tax payers will be the ones most interested in the correct implementation of this tax law. It will facilitate tax collection and the implementation of follow-up and supervisory mechanisms. This tax law does not obstruct international trade. It is a keystone of our open economy strategy.

The law that taxes business assets will reduce income tax evasion and deceit, practices that cause considerable damage to the national treasury.

I want to say clearly and emphatically that we are not creating an additional tax load by imposing this tax; we are simply establishing a way of determining the real tax paying capabilities of enterprises.

The state must derive stable resources from its fiscal system end once and for all the ominous practice of operating under huge debts and chronic deficits.

We have often explained the objectives of and the reasons behind this general reform to the system. We must strengthen the iniative of the people and organizations to enable them to function in the framework of a new concept of liberty. The challenge we face is to be able to exercise our rights while fulfilling our obligation to act more maturely and to directly and personally assume the risks that our actions may entail.

Workers must negotiate their labor relations with their managers, without expecting the state to impose on management any kind of pressure not stipulated in the labor contract. Business managers must calculate, taking in consideration market expectations, the risks they may face as well as the profits they should expect, and they must do this without expecting the state to grant them privileges or advantages beyond what their own competitiveness and audacity may grant them in the framework of national and international markets that practice free competition.

We are at the dawning of a new way of being and doing things that obliges us to admit the state can no longer be paternalistic, as it has been until now. The normal thing in all modern economies is for the state to collect different kinds of taxes, while ensuring that fair and consistent principles are complied with.

The Venezuelan state has compensated for insufficient petroleum revenues by acquiring increasing debts that in practice reduce resources from private savings and push interest rates up. To make matters worse, it uses such resources for current expenditures, creating a pendular movement that continuously reinforces inefficiency and inflation.

This perverse mechanism of financial operation is supported by diverse nontraditional [inorganica] methods of creating wealth that were allowable, until now, by the basic budget and public credit laws, which approved the widespread granting of permissions and guarantees and allowed various levels of government to assume debt in a centrifugal financial arrangement that competed with the financial needs of the productive sector.

This will be eliminated completely by the proposed reforms to those laws. The new law granting full autonomy to the Central Bank of Venezuela will be reinforced. This will prevent the executive branch from using it as an alternate source from which to draw funds. [applause]

The state must build a tax base that allows it to invest in the expansion and maintenance of social infrastructure to support the productive sector and train labor. We must establish this system to enable us to provide services that citizens will use for their collective welfare and businessmen will use to reduce costs and increase their productivity.

If the state cannot go into debt and petroleum revenues are insufficient, taxes must be levied. Otherwise, there will be no public investment in roads, transportation,

electricity, water, and other services. This would further deteriorate the quality of life, especially for the middle class and, in sum, also hurt national security and defense, which are essential pillars of our national sovereignty.

We are advancing reforms to the basic budget law. They will be more strict in setting conditions for the budget's establishment and execution. We will propose reforms to the privatization law to accelerate this process and ensure the state is reduced to the size its essential duties require by the end of my term in February 1994. We will do this by allowing more room for social programs in the budget and opening up to the private sector in the areas of public services and activities. This is why we suspended new appointments and why we will give administrative autonomy to the health services.

Much has been said about the state's functions. Some think it is the mark of a primitive society that is condemned to disappear or that it is a miracle that goes hand in hand with neoliberalism and Marxism.

Others yearn for the days when the state acted as the grand protector, as the sole social expression of democracy. It would be easy to say that the solution is to be found in the middle, between these two extremes. The truth is that there must be a new concept, one that views the state as an entity that does not take from the people what a mature society must not take from them: their ability to intervene, to take action, to participate, and to control both political and economic affairs.

The state cannot act as a substitute for the people's potential and action. When we speak of restricting the state's traditional interventionist disposition, we do not do it to promote any particular ideology. We do it to defend the new realms conquered by the Venezuelan people.

This position should not lead to the conclusion that the state has no role to play. Even the most radical promoters of a market system understand that the state is the agent most capable of creating and maintaining the conditions that allow the market to function. There can be no market without a state. When the state cannot guarantee conditions, the market loses its purity, becomes a hunting ground for a few powerful economic consortia, and turns into a manifestation of authoritarianism. The market then ceases to be free and monopolies and oligopolies take over, restricting the very control functions that the state had been criticized previously for enforcing. This is a danger, especially states like Venezuela, where the market and competition—market forces—are now only an ambition. The idea is to reduce but not to weaken the state. This is not an abstract statement. This is the condition necessary so that you, Venezuelan businessmen, may enjoy a free, competitive, and open market.

In authoritarian societies, the worshipping of statism has produced terrible results. Attacks on statism, however, may lead to the creation of other gods that have to be defeated.

The privatization policy does not contradict our decision to defend and develop, efficiently and profitably, basic industries in Guayana, as well as the national oil industry. [applause] Likewise, it does not hinder our position in favor of utilizing national or foreign private capital that may efficiently reduce costs and generate products; that may make companies generate more resources with reduced costs; that may create more jobs and more tax revenues without harming the treasury with claims to a phony, harmful, and impoverishing kind of nationalism.

Opening the oil sector to private national and foreign investment is merely a balanced response to the investments that Venezuela, through Venezuelan Petroleum Inc., is making abroad.

In an economy that is more and more interdependent, the oil sector should be opened and become the fundamental basis for Venezuela's reentry to the world economy. This policy will not work to the detriment of or contradict nationalization. Only through cooperation between the state and the private sector, both nationally and internationally, can Venezuela develop on a long-term basis its immense hydrocarbon resources, in particular those at the Orinoco oil strip. Only through this cooperation can Venezuela enter the next century as a first-rate crude oil producer, consistent with our untapped oil resources. Fiscal discipline, a new system of prioritizing public expenditures, and an aggressive program to establish priorities will make it possible for the state to pay closer attention to social programs and to support for productive sectors, which is its natural sphere of action.

Businessmen: Until now, we had been living on an illusion of harmony derived from the oil boom. Now that this source of fiscal resources is nearly depleted, we are reformulating the social contract, introducing a new tax system and an economy where competitiveness and economic freedom will be the new reference points. Venezuela is meeting the demands imposed by the present transformation. Because of this, the Fedecamaras proposal to the country, a copy of which was given to me, is welcome. [applause]

This proposal states your intentions to find alternatives, as well as true and effective solutions, to build a strong private economy and better democracy for all. Similarly, it is the political parties' duty to heed the country's anguished clamor over its leaders' hesitation, which results from group interests that conflict in their quest for power. In democracy, the participation of all, even those who oppose it, is mandatory.

Businessmen: The proposal you have presented to the country should take into consideration that the fate of enterprises is in your own hands. From now on, only the

most competitive will make a profit. The battle for prosperity will have to be won in international markets and will be the fruit of the effort of private management, technology, and your determination to make your businesses forge ahead. The state will be the channeling force and the great arbiter. Through institutions and according to the law, the state will favor consensus as a civilized solution to bring together the various interests of each social sector.

In this atmosphere of understanding, which is the expression of the will of society in general, we are convinced of the need to reach a national agreement to attain the prosperous and just country we desire and to which we want to belong, to strengthen credibility in the country's institutions and leaders.

Venezuelans: I am asking you all to recall that, in a message to the Angostura Congress, held in this admirable and generous land of Guayana, the Liberator [Simon Bolivar] advised us, quote: Because no other form of government is as weak as democracy, its structure must be as strong as possible and its institutions consulted for stability. Otherwise, we can rest assured that a trial government, rather than a permanent system, will be established and we will have an unruly, tumultuous, and anarchic society, instead of a social establishment where happiness, peace, and justice can prevail. Unquote. Let's get to work. [applause]

Perez on Referendum, Economic Situation

PA1807140492 Caracas Venezolana de Television Network in Spanish 0000 GMT 18 Jul 92

[Text] President Carlos Andres Perez has said he is not afraid of a referendum to revoke his mandate. He made that statement within the framework of the installation of the National Political Committee of the Democratic Action Party, AD, held in Caracas.

President Perez stressed that the proposal to hold a referendum to revoke his mandate is dangerous and destabilizing. He noted that he is not afraid of this form of popular consultation.

[Begin recording] [Perez] I am not afraid of it. However, it is a dangerous absurdity, because the people's will expressed in elections and the specific terms established by the Constitution cannot be eliminated. This type of referendum does not exist anywhere in the world. That is the bad part.

[Unidentified reporter] [words indistinct]

[Perez] Yes, but it would create a bad precedent and would institute something that would be negative for the Venezuelan Constitution. Revoking the presidential mandate would create a huge destabilizing factor in any democratic system. [end recording]

Asked about the possibility of Venezuela requesting a moratorium on its foreign debt, Perez said that word does not exist in the world economic language.

Regarding the fiscal deficit, he said Venezuelans should not be alarmed because it is the result of changes that are taking place. In his opinion, the good part of the situation is that all the past mistakes have come to the surface, and we have realized that we cannot continue to depend on oil. He said that our tax system must be modernized in accordance with the rest of the world, adding that it is inconceivable that taxes only represent 3 percent of our gross national product. He stressed that the current measures are necessary.

[Begin Perez recording] There is no reason to be alarmed or to believe that the country is heading for disaster. We would be heading toward disaster without the responsible presence of the two largest political parties, which are seriously studying the laws we have been proposing for a long time that are necessary to return the country to normal. [end recording]

President Perez ruled out calling a Constituent Assembly. He stressed that constitutional amendments are more appropriate under the current circumstances. He added that he has always had his party's support, which has been the basis for his government's actions.

Asked about the Senate's decision to not authorize him to leave the country, Perez said he was not surprised, as he expected it from the moment he wrote the letter requesting permission. He added that he will respect that decision.

Communique Denies Colombians Kidnapped

PA1907013592 Caracas Venezolana de Television Network in Spanish 0010 GMT 19 Jul 92

[Text] On 18 July, the national government issued a communique related to the alleged kidnapping of two Colombian citizens—Jorge Ignacio Restrepo and Julio Rebolledo—in Venezuelan territory. In this regard, the communique notes:

1. It is true the drug department of the Venezuelan National Guard cooperated with U.S. DEA representatives to follow the mentioned persons, who were allegedly involved in drug trafficking in Venezuela in February 1991.

2. This National Guard action was based on a cooperation system that exists between both countries to fight drug trafficking.

3. According to the report on the events, Restrepo and Rebolledo, spontaneously and without forcible coercion, accepted an invitation made by undercover agents to go on a tour on a U.S.-flagged yacht, which was anchored in the Bay of La Guaira.

4. Also, according to the information given by the drug department of the National Guard, Restrepo and Rebolledo boarded the U.S. yacht supposedly to consolidate a drug-trafficking operation. It was under this presumption that these men were taken to international

waters. Once there, they were transferred to a U.S. Coast Guard ship, which finally took them to the United States.

5. The national government, in keeping with the investigation that was conducted, has reached the conclusion that there was no kidnapping. In addition, the Venezuelan Government views the problem involving Restrepo and Rebolledo as a settled matter.

6. The cooperation between U.S. and Venezuelan police organizations in the struggle against drug trafficking continues with the full support and encouragement of both governments.